Daily Report

Latin America

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Army Officers Discuss Wartime Suffering

FL2609014195 Bridgetown CANA in English 1923 GMT 25 Sep 95

[FBIS Transcribed Text] Guatemala City, Sept 25, CANA-REUTER — Army officers from 18 Latin American and Caribbean countries began a five-day meeting in Guatemala on Monday to discuss measures to reduce the suffering of civilians during armed conflicts, a spokesman for the International Red Cross said.

Thirty-four officers from Central and South America, Cuba, and the Dominican Republic will analyse international humanitarian law regarding the rights of civilian populations in armed conflicts, said Jaime Arrollo at the Red Cross, which organised the meeting. Under discussion are issues such as the use of land mines and laser weapons in armed conflicts, and the rights of wounded combatants and prisoners, Arrollo told REUTERS.

While civil wars are simmering only in Colombia and Guatemala now, he said that "in case of any eventuality," it was key that Latin American armies understand and respect basic concepts of humanitarian law in the Geneva Convention. All the countries present at the meeting are signatories of the convention.

Guatemala's powerful army has one of the worst records in the Western Hemisphere for its brutal treatment of civilians during a three-decade-long civil war. International human rights groups say the Army razed more than 400 villages in the western highlands at the height of the civil war in the early 1980s as part of scorched-earth tactics to wipe out the support base of leftist guerrillas.

Human rights groups that represent the families of Guatemalans who disappeared during the war blame the Army for "disappearing" around 45,000 people.

Cable & Wireless Launches Communications System

FL2609021995 Bridgetown CANA in English 2200 GMT 25 Sep 95

[FBIS Transcribed Text] Bridgetown, Barbados, Sep 25, CANA — Cable & Wireless will officially launch the US60.4 million Eastern Caribbean Fibre System (ECFS), which will link the islands of the Eastern Caribbean, at a ceremony in Barbados Friday. A statement from Cable & Wireless' regional office in the Cayman Islands said Monday that government officials, telecommunication professionals, and business leaders from around the Caribbean were expected to attend the ceremony.

They will be joined by James Ross, chief executive and deputy chairman of Cable & Wireless PLC, and Geoff Wiggin, regional director with responsibility for Bermuda, the Caribbean, and Latin America.

"The investment of over US60 million in the ECFS is just one element of Cable & Wireless' long-term programme of investment in the Caribbean. Over the past five years, we have invested over US1,000 million in the region, with plans in place to invest an equivalent amount over the next five years," the statement quoted Wiggin as saying.

"The ECFS is capable of meeting all foreseeable needs in capacity and transmission quality and offers enhanced levels of reliability and operational efficiency." He added the implementation of the ECFS was "clear proof" of Cable & Wireless' commitment to pursue strategic initiatives for the benefit of the region.

The ECFS will extend from the British Virgin Islands in the north to Trinidad and Tobago in the south, linking the islands of Anguilla, St. Maarten, St. Kitts and Nevis, Montserrat, Antigua and Barbuda, Guadeloupe, Dominica, Martinique, St. Lucia, Barbados, Grenada, and St. Vincent and the Grenadines. It will link these islands and provide interconnectivity with the Americas 1 and CARAC systems. The ECFS, which replaces the existing Digital Eastern Caribbean Microwave System, will carry the main international and inter-islands transmission traffic of the Eastern Caribbean.

Cable & Wireless said the system was resilient to hurricanes and would provide a much larger increase in available transmission capacity than any of the previous developments that it has undertaken in the Eastern Caribbean. It will initially handle a maximum 7,560 simultaneous telephone calls, but can be upgraded to meet four times that amount.

Beijing Conference's Recognition 'Shining Victory'

FL2509201295 Bridgetown CANA in English 1255 GMT 24 Sep 95

[By Julius Gittens]

[FBIS Transcribed Text] Beijing, Sept. 24, CANA — It was a shining victory for Caricom diplomacy at the recent world conference on women: winning the international community's support for the formal recognition of women's unpaid work in the home and field. But already there are questions as to whether some Caribbean Community (Caricom) countries will take the first practical steps towards acting on the committment to count and recognise women's unpaid labour. Caricom, led in the negotiations by Andaiye of the Guyanese women's organisation, Red Thread, scored its second major political victory in the intense and often contentious negotiations.

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Trinidad and Tobago's Senate passed an independent members' bill last June to count women's unwaged work. Caribbean women's movement leaders said the first class of women in the Caribbean to benefit if the bill becomes law would be domestic workers and other minimum-wage working women, whose work mirrors the unpaid work of mothers and housewives. Trinidad and Tobago's Women's Affairs Minister Joan Yuille-Williams, whose speech at the conference highlighted unwaged work, said the country's Industrial Relations Act, which prohibits domestic workers from unionising, would be changed "in due course."

"Well, I don't know if it's going to be a priority, but certainly it will be taken up in the context of what has just happened," Yuille-Williams told CANA. "We already have a union at home — the union for domestic employees and the president is here (at the conference)... [ellipsis as received] so before they come to us, I think we'll go to them."

However, under colonial laws still on the Republic's statute books, domestic servants are not considered workers. For two decades, the National Union of Domestic Employees (NUDE) — which is barred from attaining legal status — has been campaigning for changes to the country's laws on labour relations, minimum wages, and the health and safety act, which currently excludes domestic workers from benefits and protection.

"If it is not a priority...they'll just leave it at that and don't go no way further, that's how I see it," Clotil Walcott, NUDE president, told CANA at the conference. "It is a lot of white people — Syrians, Chinese, and all of those big-shot people, and all the ministers and them have domestic servants." Walcott said a NUDE survey found more than 9,000 Trinidadian women were working for wealthy Trinidadian businessmen, government officials, and their families. "They're only employing them on half-day basis and making them do washing, cooking, cleaning up — work in general — for half the work, and they're hiring a lot of immigrants from Guyana," she added. "I think women generally — all those who are in the business of unpaid work — should benefit first of all," Yuille-Williams later told reporters. "This has a lot to do with even women's own dignity and self-esteem." She added that the recognition of women's unpaid work could also mean that women would succeed in getting men to share responsibilities in the home. "Probably some more men will stay at home and allow the wife who can earn some more to go out, knowing that what he is doing at home can also be valued."

The idea is also up against the force of political pragmatism in Jamaica. In 1994, Labour Minister Portia Simpson stressed that as the minister who sets the minimum wage — 500 Jamaica dollars per week — it would be too early to make any further prediction on the outcome of the initiative until there is more data and consensus is reached. Simpson suggested that as minister of Labour, she had to consider that "journalists...the teachers, the nurses" who require the services of minimum wage workers will "also be able to continue to have the services of those workers."

"What we have to take into consideration as well (is that) you don't want to set a rate that would also allow for people to say, "...I don't need your service, so what I'll do is just...get a person to come in for just a day per week or two days per week," Simpson said.

As far back as July 1994, Yuille-Williams, Simpson, and other Caribbean ministers supported an initiative to count the goods and services women produce "for free" — from child care and housekeeping to subsistence farming — in national economic accounting. An issue paper written by Andaiye said the pay of domestic workers and the protection of the property rights of women in a divorce would benefit from measuring unwaged women's work. Social services would also be expected to improve in line with a new value attached to women's work in child-bearing and rearing, and the issue paper also suggested means of approaching the method of measurement.

Women make up 70 percent of the world's poor; they do more than half of the world's work — a contribution valued at 11 trillion US dollars — yet, only one-third of that work is paid, according to the 1995 United Nations Human Development Report. Men receive pay for three-fourths of their work. The report focused on unwaged work and women in development for the first time this year. "Unwaged work involves a spectrum of activities — physical, mental, and emotional — which somebody does, without a wage, to keep individuals, families, and communities going," Andaiye said. "The reason that this monumental workload is invisible is that because it is not exchanged for money, it is not part of the formal system of exchange." Andaiye argued that because unwaged work is invisible, no entitlements are attached. "Thus, after a lifetime of a double unwaged workday — in subsistence farming and in the household — an elderly rural woman can find herself with no financial 'security' except through her husband/partner." She added that as men leave home in search of jobs within a country, women's unwaged work in food production is increasing. The Guyanese grassroots organiser also said structural adjustment policies were increasing the burden of women's unwaged work as the gap grows between prices and incomes, and as social services are cut back.

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But how can work done "for love" be measured? Andaiye outlined three textbook economics methods. The work can be measured by its "replacement cost" — how much it would cost to get someone to come in and perform all the household jobs; or by measuring how much it would cost to take all the services done in and around the home into the market place — "the market cost." However, Andaiye rejected using a woman's "opportunity cost": counting how much she could earn in a job outside the home if she weren't doing household work full-time. This method, she says, would reflect her inequality in the labour market based on age, race, class, and disability.

Labour Minister Simpson, who is also responsible for women's affairs, had said the Bureau of Women's Affairs would take up the issue by discussing the unwaged work of both women and men among labour unions and women's organisations before seeking to influence Government to "take it seriously." Although domestic workers are part of the group of the lowest-paid workers, Simpson stressed a minimum wage should not be what employers must pay; rather, it is legal protection for the most vulnerable workers. She preferred to trumpet the Jamaican Government's advanced drafting of legislation which are linked to valuing women's work in the home, particularly the property rights of spouses in divorce and in the dissolution of common law unions.

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Cuba

Robaina on Topics To Address Before UN Assembly

PA2509193095 Havana PRENSA LATINA in Spanish 0831 GMT 25 Sep 95

[By Roberto Molina]

[FBIS Translated Text] United Nations, 25 Sep — Cuban Foreign Minister Roberto Robaina has said that the 50th period of regular sessions of the UN General Assembly has a special meaning for his country.

In a statement for PRENSA LATINA upon his arrival in New York, Robaina added that this is not only because the organization is celebrating its 50th anniversary, but because at this moment Cuba intends to analyze — now with the participation of the assembly's plenum — if 50 years later the United Nations is really fulfilling the commitment assumed by the nations that founded it.

Many of the problems that existed five decades ago have worsened and, in contrast to an exaggerated development, higher levels of inequality, poverty, and injustice prevail, he emphasized.

Robaina said that the same schemes of power that existed 50 years ago have been maintained and that Cuba believes that this should be reviewed.

"Once again we will emphatically express our views on what we believe should be a real democratization process within the United Nations," Robaina stressed.

He said that it is not possible to talk about democracy and transparency to peoples and nations without applying those concepts in the United Nations.

Cuba maintains its position — which will be stated today — with regard to the UN Security Council and its obsolete form of power, he added.

Cuba, he noted, cannot pass this opportunity, under new circumstances and in a forum like this one, to once again bring up the subject of the blockade, particularly now that part of the U.S. Congress is debating the Helms-Burton bill, which as we know has received favorable votes and support.

"Nevertheless, I would say that today, contrary to previous years, we are not (only) condemning the blockade against Cuba. I believe that, among other things and in addition to the blockade against Cuba, a blockade and an extraterritorial policy imposed to the international community is also being rejected," he said.

On this occasion, Robaina added, we are not protesting a blockade from that country (United States) against Cuba; the problem now is that actions that so far have been carried out against my country are being imposed on all of mankind. I doubt that this will accepted.

Robaina said that in addition to the speech he will deliver today before the plenum of the general assembly — although this time he will have less time than on previous occasions — he will practically carry out the usual activities because there is a broad program of exchange with foreign ministers and UN representatives.

In addition, as usual, we plan to meet with sectors in this country with which we have relations, in other words businessmen, Cubans residing here, solidarity groups, the press, and many people who are aware of the current situation in Cuba and have been in contact with my country, Robaina announced.

The Cuban foreign minister will be one of the 10 speakers during the afternoon session of the first day of the general debates of the recently inaugurated 50th period of regular sessions of the UN General Assembly.

Reaction to House Approval of Helms-Burton Bill

Commentary on Approval

PA2509170795 Havana Radio Rebelde Network in Spanish 1155 GMT 25 Sep 95

["Our Opinion" commentary by Carlos Iglesias Celestin; from the "Doing Radio" newscast]

[FBIS Translated Text] Cuban-U.S. relations received the greatest attention in the news media last week due to reports from Washington, Atlanta, and Havana. The U.S. House of Representatives' approval of the Helms-Burton bill worsened bilateral relations and ended a process which its promoters expected to last a few hours but lasted several months.

After postponing the debate several times, the Chamber finally approved the bill thanks primarily to conservative control over the Capitol. Republican legislators Jesse Helms and Dan Burton's initiative attempts to intensify the blockade and make the island absolutely dependent upon Washington. Therefore, it aroused objections throughout the world, including those of important U.S. partners like Mexico, Canada, and Europe, which reject the bill's extraterritorial claims.

Moreover, the Helms-Burton bill's approval confirmed the conservative essence prevailing in U.S. policy. Even so, calls to lift the blockade are increasing. This is considered a better way to achieve an internal influence in the island. Last week the Inter-American Dialogue and U.S. business sectors asked the White House to lift the over 30-year long siege.

According to Inter-American Dialogue, the main liberal center for political analysis on Latin America, it is a mistake to intensify the siege, since it does not promote

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U.S. interests. Ultra conservatives from Miami do not agree with the details of this issue. While some justify the Helms-Burton bill — arguing that the flow of foreign capitals props up the Cuban Government, others point out that these are unimportant and therefore, the annexationist project can be applied.

Also, last week former President James Carter met in Atlanta with group representatives from Miami to promote dialogue on the island's future. However, Carter had to organize separate meetings because of guests' arguments.

Cuba has reacted with moderation to these two facts. Foreign Minister Roberto Robaina said the Capitol's approval is barely an additional aggression. The Havana Government insisted that neither foreign investments will stop nor the revolution will collapse because of this U.S. Congress annexationist project. Regarding Carter's efforts, Cuba recalled that it has an open dialogue with large emigrant sectors. The second The Nation and Emigration Conference, the main venue for these contacts, is scheduled for 3 to 6 November in this capital city with the participation of more than 250 guests.

The island's goodwill to solve problems with the United States through negotiations, despite all obstacles, is made evident in many ways. One of them is the appointment of First Foreign Vice Minister Fernando Remirez De Estenoz as officer in charge of the Cuban Interests Section in Washington. Apparently, his mission will not be an easy one because of the conservative environment prevailing in the United States.

Robaina Denounces Bill at UNGA

FL2509222195 Havana Radio Reloj Network in Spanish 1932 GMT 25 Sep 95

[FBIS Translated Text] Cuba asked the international community today to work toward halting the U.S. blockade, while reiterating its willingness to establish normal relations with that country. During his speech before the 30th session of the UN General Assembly [UNGA], Foreign Minister Roberto Robaina denounced efforts, through a new law, to strengthen the blockade and accused the United States of trying to conduct a global government rehearsal with Cuba.

Robaina affirmed that the Helms-Burton bill, among other absurdities, seeks to establish an international blockade of Cuba, which is really a blockade against mankind. Robaina reiterated at the UN General Assembly that Cuba will never succumb to threats and will survive, because while a crisis can be overcome, the indignity of buckling under cannot.

GRANMA: Bill Lacks 'Political Good Sense'

PA2309031595 Havana PRENSA LATINA in Spanish 1542 GMT 22 Sep 95

[FBIS Translated Text] Havana, 22 Sep (PL) — The Cuban media reported today that the U.S. House of Representatives, which has approved the anti-Cuban Helms-Burton bill, aimed at tightening the U.S. blockade on the island, is short on political good sense.

A half-page-long article published by GRANMA today criticizes the desire some have to decide Cuba's future as well as the scarce attention paid to arguments presented by several dozen congressmen about the harm this law will bring to the United States.

The article notes that the bill will affect U.S. relations with its allies and weaken presidential authority in foreign-relations matters. The restrictions the bill would impose on U.S. citizens will have a high cost also, the article adds.

The newspaper declares: Considering manipulation charges filed by several congressmen (defeated by the conservative majority), all talk about democracy in that congressional discussion is paradoxical.

GRANMA insists that in addition to the legitimization of claims to property confiscated from Cuban-American citizens, some objectives of the bill, a political freak, are the adoption of reprisals against foreign investors and the arranging of the island's future based on a U.S. neocolonial point of view.

GRANMA stresses that the result of the voting is no surprise because there is a working alliance between the majority conservative sector in the House and the counterrevolutionary and terrorist extreme right in Miami.

The source quotes Representative Robert Torricelli, who, listing one of the true objectives of the bill, said: "This bill speaks of the property problem and its objective is foreign investment..."

Ernesto Melendez, foreign investment and economic cooperation minister, declared recently that up to May there were 212 associations and more than 300 new projects being negotiated, with a financial investment estimated at $2.1 billion.

The Helms-Burton initiative has been condemned at many public meetings by various Cuban sectors and by dozens of parliamentarians, politicians, and businessmen from various parts of the world.

The punitive measures could have an intimidating effect abroad and could slow down the investments and cooperation pace, but they will not weaken our resistance

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or lessen our right to develop a free, independent, and sovereign socialist society adjusted to today's world, GRANMA concludes.

Deputy: End of Talks With U.S. Possible

PA2509024095 Havana PRENSA LATINA in Spanish 2033 GMT 23 Sep 95

[By Roberto Gili]

[FBIS Translated Text] Calcutta, India, 23 Sep (PL) — All the possibilities of dialogue between Havana and Washington would be closed if the U.S. President approves the so-called Helms-Burton bill, Cuban Deputy Sergio Corrieri warned in this Indian city today.

"A veto action on the part of the U.S. President (William Clinton) or Senate rejection would serve to stop something monstrous," the lawmaker and president of the Cuban Friendship with the Peoples Institute told PRENSA LATINA.

The aforementioned initiative sponsored by Senators Jesse Helms and Dan Burton was approved (294-130) at the U.S. House of Representatives last Thursday.

"This step affects not only all Cubans. In fact, it would prevent a future understanding between Cuba and the United States," reaffirmed Corrieri, who is heading the delegation attending the International Conference on Solidarity With Cuba in Calcutta.

"We cannot predict how that initiative will evolve in the short term, but we know there are more practical and less arrogant voices that have not been heard so far," he said.

According to Corrieri, the anti-Cuban document is a clear expression, without disguise, of the ultraconservative and ultrarightist trends prevailing in the United States. It also demonstrates how U.S. circles perceive the current world, he said, adding that the new measure is aimed at "intensifying the blockade" against the Caribbean state regarding juridical, economic, and diplomatic matters.

He also said this action violates basic principles of the UN Charter, as well as the sovereignty of third countries by punishing or repressing them for doing business with Cuba.

The solidarity conference being held in this Indian city with the presence of 220 delegates from 15 nations of the Asia-Pacific region has also condemned the Helms-Burton draft bill.

Correspondents on Process for Bill Approval

FL2509152595 Havana Radio Rebelde Network in Spanish 1600 GMT 22 Sep 95

["Straight Talk" program with guest Nicanor Leon (Cotayo) and host Osvaldo Rodriguez]

[FBIS Translated Text] [Rodriguez] The U.S. House of Representatives has approved a new anti-Cuban bill. Nicanor Leon (Cotayo) joins us today to discuss the issue. Nicanor, you had said that the bill's approval — which took place in the U.S. House of Representatives — had not come as a surprise to you. The vote was 295 yes and...[pauses] what was the vote?

[Leon] Yes, 294 yes votes and 130 no votes.

[Rodriguez] However, just a week ago the thought was that the bill was moving slowly and that it was not going to be voted on in September. I would like to start off the discussion with your analysis of how the bill was moved so quickly. I mean, how were mechanisms moved so quickly to push the bill through the slow process in which it seemed to be lodged? First, let me point out to our listeners that we are talking about the so-called Helms-Burton bill. We had not mentioned its exact title.

[Leon] Yes, it is the bill that was presented to the U.S. Congress on 9 February 1995. We observers thought the bill was not going to be discussed or voted on during September. There was a strong reason for thinking this. Currently, the U.S. Congress is debating important and controversial bills such as the 1996 U.S. budget, which comes into force on 1 October. There are other important bills which are fueling important confrontations between Republicans and Democrats. However, what has occurred proves the extent of the alliance between the extreme right Miamians of Cuban origin and the extreme right-wing elements controlling the House of Representatives. The so-called Cuban lobby put a great deal of pressure — publicly — on the House of Representatives, again, I repeat, allied with the ultra-conservatives who control that legislative body. They were able to push the bill...[pauses] they imposed this bill over others of greater interest to U.S. voters. I say U.S. voters because they are in a pre-electoral year in the United States. Almost everything that is said and done in the United States today is based on the interests of politicians and the Republican and Democratic parties, the traditional political parties.

[Rodriguez] Could you explain how they pressured the House? I mean what was their modus operandi? These are true criminals, therefore, we must refer to their methods as modus operandi.

[Leon] There are many examples I could mention and we do not have enough time. One example is that

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the body that determines each issue's priority is the Committee on Rules. The extreme right wing Miamians of Cuban origin has one of their men on this committee, Mr. Lincoln Diaz-Balart. He played a key role in imposing — as I said before — the bill over others, which are more important. The Committee on Rules, among other things, determines the issues' priority and debate time. It also determines which bills are to be discussed. The committee is presided over by Mr. Solomon [Rep. Gerald B.H. Solomon], an extreme right wing Republican from New York, who also played a key role. Furthermore, Jorge Mas Canosa, the boss of the so-called Cuban American National Foundation, and his men from Miami traveled to the U.S. Congress. They announced publicly that they were applying pressure so the bill would go through the House of Representatives — no matter what — in September.

[Rodriguez] Regarding the voting, could we say the votes were divided between Republicans and Democrats, or did the Democrats join the extreme right, perhaps due to the pressure or due to personal conviction? How did the vote go? Was there a division between Republicans and Democrats, or did the Democrats join this game initiated by the counterrevolutionaries from Miami?

[Leon] First, let's point out that Democrat is not synonymous with liberal and Republican is not synonymous with conservative. There are liberals and conservatives in each party. Currently, however, the Republican party's leadership is in the hands of ultra conservatives. With regard to the vote on the bill, I would say that the Republican leadership in the House of Representatives played an important and decisive role. The majority of the yes votes were from Republicans. However, some Democrats also voted for the Helms-Burton bill. In this case, it is the Burton bill, as he is the one presenting the bill in the House. As everyone knows, there is a version of the bill being presented in the U.S. Senate by Jesse Helms and another — very similar version — presented by Mr. Dan Burton in the U.S. House of Representatives.

[Rodriguez] I think we should also talk about the bill's history and why the extreme right wing from Miami — headed by the Cuban American National Foundation — is so interested in the bill. We all know they are sworn enemies of the Revolution, but it looks like there are economic interests behind these attempts to strangle the Cuban Revolution.

[Leon] Among other things, we know that in 1990 there was a huge campaign in Miami urging people to get their suitcases ready for a return to Cuba. In mid 1990, Florida and U.S. press articles predicted that the Revolution had only three or four months left, after the socialist states in Eastern Europe had disappeared. Back then the Soviet Union was facing serious problems, which led to its disappearance in 1991. We all know that the Torricelli Law was passed in 1992 because the predictions made in 1990 did not come through. After the Torricelli Law they thought everything would soon be over and that the Revolution's end was near. All these predictions made by the extreme right wing elements of Cuban origin in Miami have not come through. Cuba has continued and will continue to resist. We are seeing signs of positive change in the critical situation which we have faced — and still face — in Cuba. The individuals who presented this bill did so not after a victory, but because they were desperate. The effort was spearheaded by Helms and his proposed bill, which compounds the nine bills presented to the U.S. Congress after 4 January — all aimed at strengthening the blockade. The bill is fundamentally aimed at trying to stop foreign investment in Cuba, even though it has other objectives as well. This is a paradox because among the many accusations they level at Cuba — via their propaganda — is that we do not have a market economy in our country. However, the bill is aimed at trying to halt foreign investments — made by capitalist companies — in Cuba.

[Rodriguez] So what you are saying is that, fundamentally, they are fighting just that — they are not going against trade or anything else, only foreign investment?

[Leon] The bill broaches many aspects. The bill represents extensive strengthening of the blockade. However, one of its fundamental objectives is to try to halt foreign investments. These investments do not represent a decisive element in our development, but, they are a very important complementary element in that development.

[Rodriguez] Nicanor, we see how the Helms-Burton bill is traveling through different structures. First, through the House of Representatives and later through the Senate. Now, the bill has already been passed in the House of Representatives. Does this mean that it is now a law or does it require further approvals?

[Leon] Categorically, the Helms-Burton bill has not been passed entirely, therefore it is not a law yet.

[Rodriguez] This is something very important and we should point it out.

[Leon] In the United States for a bill to become law, it must be passed by the House of Representatives, then by the Senate, and then be signed by the President of the United States. Furthermore, if the bill passed by the Senate is not similar to the one passed by the House of Representatives, they would have to take it to what

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they call a joint session where representatives from both legislative bodies would meet and agree on a final text for the law. The bill has only been passed by the House of Representatives, therefore the Helms-Burton bill can not be considered ....[pauses] I mean it is not a U.S. law.

[Rodriguez] There have been several statements made by the White House, in reference to the bill's language being too aggressive; that perhaps the president might accept the bill's principle but not the language used. What will the White House position be after the support given to the bill by the House of Representatives?

[Leon] The Clinton administration is opposed to part of the Helms-Burton bill and they have mentioned which articles they oppose. The main reason for their opposition is that they are aware that the law would effect relations between the United States and its main allies around the world.

[Rodriguez] Right!

[Leon] Now then, regarding your question. Something else which took place in the House of Representatives: Representative Lee Hamilton read Secretary of State Warren Christopher's letter warning that if the bill were to be passed by the House and the Senate — in its present form — he, as the Secretary of State, would ask President Clinton to veto the bill, even after its approval by Congress. Something that we should point out is that the President's veto could be overturned by Congress, if they obtain two thirds of the votes. Today, this possibility is a question mark in the Senate.

[Rodriguez] Many thanks to Nicanor Leon (Cotayo) for talking about the Helms-Burton bill, which has just been approved by the House of Representatives.

Effects of U.S. Blockade on Environment Noted

PA2509193895 Havana PRENSA LATINA in Spanish 1608 GMT 22 Sep 95

[FBIS Translated Text] Havana, 22 Sep (PL) — The U.S. blockade aimed at strangling the Cuban economy affects considerably current prospects for rational use of the natural resources and plans to reach a sustained development in the island.

Additionally, this hostile policy "has a negative repercussion on the level and quality of life of Cubans," reads a document circulating among experts participating at the Ninth Ministerial Meeting on the Environment in Latin America and the Caribbean, which is currently in session in Havana.

The document issued by the Ministry of Science, Technology and Environment (CITMA) gives examples of how the blockade limits Cuban efforts to develop its own environmental program, which was presented by the Cuban Government at the previous ministerial meeting in Santiago de Chile in 1993.

Actually, the first accord at that meeting recommended that countries in the area speed up the elaboration of national plans to reach goals and objectives of the Agenda 21, which was approved during the UN World Conference on the Environment and Development in Rio de Janeiro in 1992.

According to the document issued by CITMA, the strict political, commercial and financial restrictions imposed by the United States resulted in the island's "inability to reach higher levels of economic, social, and environmental development," in addition to hindering actions adopted in favor of the environment.

For example, "although as a result of the reforestation policy, forest areas in the country have increased from 14 percent in 1959 to 19 percent in 1992, the decrease in the availability of fuel and other material used for cooking are jeopardizing its constant growth."

The document also points out food problems faced by the population due to "substantial and sudden decline in the production and use of fertilizers in agriculture, as well as changes in the technology for cattle breeding," among other factors. This situation, the document said, negatively affects the protection of the environment, adding that "during 1994, it caused the increase of illegal hunting activities by 22.5 percent in comparison to the previous year, as well as the increase of indiscriminate pasture in woodland by 13.5 percent."

Water supply and drainage is another abated sector due to the existing limitations to acquire and transport chemicals and spare parts. "Water chlorination has decreased from 93 percent to 57 percent, which increases the risk of disease transmission by water."

Furthermore, due to the blockade, Cuba has to import medicines, chemicals, and other materials "at an additional cost ranging between 30 and 40 percent in relation to the value of those products."

Cuba is also facing difficulties in obtaining financial resources for the development of its environmental projects, and sees restrained its efforts to accomplish" the transfer of technology and the necessary training," as the Agenda 21 reads in chapters 33 and 34.

The 24 experts meeting in Havana will focus during various sessions on identifying cooperation opportunities to apply the environmental agenda in the region. They will elaborate the report, which will be presented to the ninth ministerial meeting on 25 and 26 September.

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Vietnamese Delegation Visits at CDR Invitation

PA2409042495 Havana PRENSA LATINA in Spanish 0114 GMT 23 Sep 95

[FBIS Translated Text] Havana, 22 Sep (PL) — A Vietnamese delegation, the second in the last few days, arrived in Cuba today with the objective — according to its members — of expanding bilateral relations.

Invited by the national leadership of the Committees for the Defense of the Revolution (CDR), the mission comes from the presidium of the Fatherland Front and will participate in the celebration of the 35th anniversary of the island's largest mass organization.

Le Quang Dao, president of the Vietnamese organization, told the media that "in these difficult times, friendship has to be more sincere." This is why we are here, he said.

Yesterday, another Vietnamese delegation — led by Nguyen Cong Tan, minister of agriculture and food industry — signed, with Cuban Foreign Trade Minister Ricardo Cabrisas, agreements aimed at developing economic and scientific-technical ties.

Among the documents signed by the two ministers — who also chair the two nations' intergovernmental commissions — one that sets the general guidelines for work in the spheres of the economy and of cooperation in agriculture, especially rice production, stands out

The agreement also calls for the creation of mixed enterprises in maritime transport and local light industry.

Minister on Cuba, Vietnam Moves Toward Capitalism

Part I

PA2209140195 Havana PRENSA LATINA in Spanish 0630 GMT 20 Sep 95

[First of two installments of "Exclusive" report by Roberto Gili: "Vietnam and Cuba: On Their Way to Capitalism?"]

[FBIS Translated Text] Hanoi — Ideas, opinions, and the most varied viewpoints on the transformation processes in Vietnam and Cuba go around the world nearly every day via radio, television, and satellites. Both countries, halfway around the world from each other, set their own courses after the collapse of East Europe's socialist bloc and the Soviet Union.

Cuban Culture Minister Armando Hart Davalos has been recognized as one of the historic leaders of Cuba's revolutionary process and one of the most capable analysts familiar with the theoretical-practical thought of Karl Marx, Friedrich Engels, Vladimir Ilyich Lenin, and Jose Marti.

Hart's recent visit to Vietnam gave PRENSA LATINA an opportunity to ask him some of the questions making the rounds in this convulsed world.

[PRENSA LATINA] Is Vietnam on its way to capitalism?

[Hart] "It's one thing to know theoretically, to learn from the outside, and quite another to observe directly. This visit has made it possible for me to confirm Vietnam's great wisdom in making necessary and unavoidable economic reforms that are closely linked to measures to prevent such reforms from causing the population trouble and difficulties."

[PRENSA LATINA] It has been said these reforms are of a capitalist nature.

[Hart] "In the case of Vietnam, we are not dealing with measures alone but also with the fact that they are accompanied by countermeasures and deep political and cultural work. This is the wise part. These reforms take into account the need to devise ways to protect the population that might not receive the benefits of changes, so that the people can march toward greater equality."

[PRENSA LATINA] That is in theory. But what about in practice?

[Hart] "For instance, attention is given to economically backward regions, and the measures necessary to develop them so that they can attain a higher degree of well-being. This takes place on the basis of the concept and the reality of socialism, and can be understood only through a socialist awareness. Otherwise it is impossible. To this, one must add the thorough work done in the spheres of ideas, culture, social science, and the humanities."

Hart accepts the interview without objections. He says Cubans need "to train in short-distance fights," in addition to those at greater distance. It is nearly midnight. In his right hand he holds a disposable ballpoint pen, which he makes jump from one finger to another, without looking. One gets the impression that it is about to fall down.

[PRENSA LATINA] How do Vietnamese leaders view those changes?

[Hart] "I talked with Do Muoi, secretary general of the Vietnamese Communist Party, a statesman with profound political and cultural training. To his analysis of concepts and ideas he adds very specific thoughts, another characteristic of the Vietnamese wisdom, which

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I think is somewhat the result of an Asian-originated wisdom and a universal vocation. We must take into account the best in the Western and world values, in particular philosophy and historic materialism. I also visited the Institute for Marxism-Leninism, the Institute for Ho Chi Min's Thought, and the National Center for Social and Humanist Sciences. While visiting these centers, I confirmed a complete and deep coincidence between Vietnam and Cuba as regards culture as an essential part of civilization.

[PRENSA LATINA] What role does culture play in this process of change?

[Hart] "I would say that culture is the functional element of development and life toward development. Culture and the spiritual life — as we agreed — required a materialistic and historical foundation. One of the most significant weaknesses of the socialist movement was when culture was underestimated as a key element for socioeconomic development.

"We concurred with them that the economic foundation is indissolubly tied to a cultural, ideological, and political superstructure.

"They are conducting quite interesting and encouraging studies in matters of social science, humanities, and traditions, including language, linguistics, and the many Vietnamese cultural expressions.

"That is, all this could help the tangible development programs by studying the economic, legal, and state forms of the programs. All this could be done within the framework of permanent talks among social scientists and political leaders.

"That is another significant element that we have perceived here, the concepts that I have perceived. [no closing quotation mark as received]

[PRENSA LATINA] However, when there are talks about the course Vietnam will follow, certain analyses now ignore these details, and matters pertaining to the market economy as the core of its current course are being stressed...

[Hart] "In essence, from my standpoint, when we talk about the Vietnamese design we must consider that we are not dealing with an economic design in the limited sense this expression could have, but as an overall design in which economic measures and countermeasures are contemplated in order to overcome the current difficulties that are being created or the inequalities that could be triggered, along with political, cultural, scientific, and social work aimed at developing society along socialist ideals.

"They have had the culture and wisdom to win a war — in order to win it, they had to resort to armed and political methods. They have had the wisdom to combine peaceful procedures and violent procedures, a heroic fight and politics, revolution, and culture. That is a great virtue.

"They contemplate not only the market economy. There was always talk on the famous market economy, even during the 'Perestroika.'

"I have been able to notice that Vietnam reaches these conclusions on its path without the influence of the 'Perestroika,' but by its own experience. And we must stress and value this position in all its dimension.

"In other words, they reached a conclusion not because of the influence the 'Perestroika' exerted, but because of their own path. In addition, 'the main mistakes they made were not because of socialist reasons nor because there was not a unity between the socialist objective and the measure. On the other hand, Vietnam's social foundation is different from, let us say, that of the Soviet Union. We cannot compare one with the other. Occasionally, we make the mistake of conceiving ideas in an abstract fashion, which is alien to the tangible reality."

[PRENSA LATINA] Could certain Vietnamese experiences be useful to Cuba in its renovation process?

Hart practically responded before the questions ended. He is sitting at the edge of a comfortable fine wood chair, the arms of which are carved in oriental designs. One could think he is in a hurry to end this dialogue; that is not the case, however:

[Hart] "We have the entire early hours of the morning to talk."

Part II

PA2309013295 Havana PRENSA LATINA in Spanish 0714 GMT 21 Sep 95

[FBIS Translated Text] Hanoi [dateline as received] — Cuban Minister of Culture Armando Hart Davalos is currently 65 years old. He is presently deemed one of Cuba's historic leaders because of his relationship to the creation of the 26 July Movement, which outlined the strategy for Cuba's armed struggle, as well as his 35-year-long experience in important positions in the highest leadership of the Cuban Communist Party and government.

He became the first education minister following the victory of the revolution led by Fidel Castro in 1959.

In a recent interview with PRENSA LATINA, on the occasion of his participation in the ceremonies to

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commemorate the 50th anniversary of the foundation of the Republic of Vietnam, Hart became the first official of his rank to analyze and discuss, in a comparative manner, the processes of change in Cuba and Vietnam. Hart had never visited Vietnam before "despite the fact" — he said — "that he cherishes it for many reasons."

The interview transcends the initial exchange between reporter and interviewee, turning into a process of intercommunication that enables the parties to increase the level of the questions:

[Gili] Could some of Vietnam's experiences in its renewal process be useful to Cuba?

[Hart] "Some ideas about reforms that are abstractly presented to one country might have a certain validity for another country if they are implemented responsibly along with similar ideas, and yet might represent something entirely different to a third country. This might be the case of Vietnam, an impoverished nation, with the very particular economic situation it inherited.

"I believe that the economic decisions and economic designs must be analyzed based on a specific situation and a specific place as Leninist theory advised.

"The Vietnamese reached their solutions through their own means. This is significant — I restate — and we cannot make blanket statements about the market, because the market is not the only factor involved. It is also necessary to adopt countermeasures to resolve the problems as I have outlined it. In addition, trying to solve the situation of those people who do not benefit from the market involves political and ideological work.

"In other words, the socialist scheme is involved, the socialist objective is involved. I am convinced that what they are doing (the Vietnamese) is socialism in the sense that they adopt a measure, but also a countermeasure, which demonstrates that they look at development as a problem.

"In the case of some places, it was argued that only economic reforms constitute the socialist path. However, the socialist path consists of adjusting to the situation and, at the same time, adopting the measures to overcome the problems that emerge."

[Gili] Does this mean that some of the reforms Cuba is implementing are not socialist?

[Hart] "They already asked me that question on a certain occasion, and my answer was no. I believe the reforms being implemented in Cuba are Marxist, because adapting to the situation is Marxism, and so is seeking a way to overcome that situation."

[Gili] In your opinion: Are there any common characteristics, similarities, or differences between the processes of changes taking place in Cuba and Vietnam?

[Hart] "I believe Vietnam and Cuba are two big legends [mitos] in the second half of the 20th Century, and Cuba and Vietnam should maintain a broad level of communication. The two countries are underdeveloped countries, which faced foreign aggression for a long time. The two countries carried out a socialist revolution during the same historic period; experienced the same problems; learned much about what true socialism used to be; and maintained an untainted alliance and friendship.

"Many states have maintained a great friendship, but they might have had their disagreements now and then. However, Cuba never had any disagreement with Vietnam; on the contrary, Cuba and Vietnam had a very profound and strong fraternity. This is the reason why I believe that Cuba and Vietnam should increase their exchange of information.

"Do Muoi, the party's secretary general, was telling me that Fidel (Castro) used to say that when Vietnam sleeps, Cuba is on guard and vice versa. Then, I believe that to do an even better job, we must increase our exchange of ideas, as well as in the areas of culture, social sciences, and economic measures to be able to tackle the ideological challenges we have ahead of us."

[Gili] There is talk about some signs of recovery of the economy in Cuba...

[Hart] "We are gradually overcoming the crisis, and there are some favorable signs that are being studied at this time, but we must still make a big effort.

"They said we would disappear. Five years have passed, and we are still there. Indeed, there are signs, very minor and small still, positive signs that still require a gigantic effort from our people.

"Today we have very broad international relations, where we have won a tremendous battle. The U.S. blockade has been practically liquidated from the political viewpoint, but remains intact physically, and they are inventing new ways.

"Today we have relations with the European Union, Latin American countries, Canada, in addition to the ties we have with China, Vietnam, DPRK, and the former socialist countries."

[Gili] What is exactly the status of the rapprochement or distancing between Cuba and the United States?

[Hart] "I believe someone in the United States rather than in Cuba may respond to that.

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"It is known that there is a very aggressive draft bill against Cuba called the Helms-Burton bill, which is not only aggressive against Cuba but against the world. It goes even against the very North Americans, because it is a fascist draft bill.

"In the United States, very dangerous movements are appearing which make us wonder about what they imply for Cuba. I even wonder if the liberal and democratic tradition amongst the U.S. people will be able to stop the fascist trends that are emerging in that country."

[Gili] In what circles do you place them?

[Hart] "In the ultra right, in reactionary circles of the U.S. Senate. This is related to many fascist events in the United States.

"On the other hand, we see that the United States is a country with a democratic and liberal tradition. They recently signed with Cuba an immigration accord. This was a step forward, a positive step.

"In other words, on one hand we have an immigration accord and on the other the aforementioned bill; in the middle of all this, they are trying to give us what they call the 'hug of death,' granting some facilities to Cuba. They are even considering lifting the blockade but penetrating us ideologically and culturally, and we must be ready for that with a strong culture."

[Gili] Would that be deemed an indication that the confrontations have changed?

[Hart] "The modern confrontations of revolutionaries, and this is key, have to be more subtle. I am of the opinion — and I have explained this in Cuba — that Cubans know how to fight in the long term, but in the 'clinch' we sometimes have a difficulty. We must know how to fight in all areas.

"Vietnam is an example of this. While they answered the bombing and fought, they were also negotiating in Paris and at the same time waging a world campaign. It was a political and military struggle. Now it is economic and also political. This duality is often misunderstood because, on some occasions, the social and political concepts are seen in a schematic manner.

"The revolutionary must revolutionize everything, connect all that like a dialectic unit of all components.

"It is true we have a great battle with the United States, but we cannot become isolated from the world, nor let the world absorb us.

"I have proposed three principles: identity, universality, and the right to a superior civilization. Now, on behalf of the universality principle, they cannot impose on us the ideas of a different nation because identities must be respected.

"When the problems of the current world are analyzed, we see that new forms of the class struggle concentrate and are expressed in the defense of those principles. Study the problems of different parts of the world, and you will see the economic and social struggles of our time are reflected in them."

[Gili] Have the changes that are being made brought about any progress for the culture sector in Cuba?

[Hart] "What I can assure you is that in Cuba we have won as a byproduct an economic strategy to defend culture with the very proceeds the sector produces. It is not easy, but we are working on that."

The minister of culture presided over the official Cuban delegation to the commemoration of the 50th anniversary of the founding of the Republic of Vietnam, whose main ceremony occurred last 2 September.

Armando Hart and a high-ranking official of the Democratic Revolutionary Party of Laos were the only foreign guests who occupied a place next to the main political and government figures of this nation, on the occasion of such an important commemoration.

Diplomatic Relations Established With Swaziland

PA2309031495 Havana PRENSA LATINA in Spanish 1626 GMT 22 Sep 95

[FBIS Translated Text] Havana, 22 Sep (PL) — Swaziland became the 155th state to establish diplomatic relations with Cuba, when Foreign Minister Roberto Robaina and Solomon M. Dlamini signed a document during a solemn ceremony in this capital today.

On behalf of the Cuban Government and people, Robaina thanked the foreign minister of that African nation for his visit and for taking a step such as this one amid a situation as special as the one the island is currently confronting.

Robaina pointed out that this development marksd the beginning of a new phase in the ties between the two states at a moment when the U.S. House of Representatives is trying to take new steps to strangle the Cuban people.

For his part, Dlamini said he is very pleased to be in Cuba, a nation that has contributed so much to the independence, peace, and freedom of Africa.

The minister voiced his country's interest in exploring areas of cooperation with the island, whose hardworking people have moved forward and have always settled problems through dialogue.

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The African diplomat began his visit to the Caribbean island yesterday, and will conclude it on 24 September. During his stay here, he will meet with Cuban ministers Carlos Dotres (public health), Ernesto Melendez (economic cooperation and foreign investment), and Nelson Torres (sugar industry).

Swaziland is a small country of about 800,000 inhabitants bordering on South Africa and Mozambique. Its main products are sugar, lumber, coffee, spices, cotton, and tobacco.

Robaina Signs Commission Protocol With Gambia

PA2409044495 Havana Radio Havana Cuba in Spanish 1300 GMT 23 Sep 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Cuban Vice President Juan Almeida bade farewell at the capital's international airport to the high-level Gambian delegation headed by Captain Edward David Singhateh, vice chairman of the Provisional Council of that African republic, who ended his official visit to the island. Shortly before his departure, the Gambian Government official met with President Fidel Castro.

Singhateh held official talks with Cuban officials. External Affairs Minister Baboucar Jagne — who was a member of the delegation — and Cuban Foreign Minister Roberto Robaina signed a protocol for the establishment of a mixed Cuba-Gambia ministerial commission for economic, scientific-technical, and trade cooperation.

Parliamentarians Meet Counterparts in DPRK

PA2209224995 Havana Radio Rebelde Network in Spanish 1155 GMT 20 Sep 95

[Report by Jose Mayo; from the "Doing Radio" Program]

[FBIS Translated Text] In Pyongyang, Cuban and DPRK parliamentarians have exchanged views on the evolution of their bilateral relations of friendship and cooperation. The talks were held at the Palace of Congresses and included the participation of a delegation of the National Assembly of the People's Government [ANPP] and its counterpart the Supreme People's Assembly. The Cuban delegation is headed by Jorge Lezcano Perez, member of the Politburo of the Central Committee of the Communist Party of Cuba and chairman of the Foreign Relations Committee of the ANPP.

In addition, the Korean Association of Cultural Relations with Other Countries, the Korean Committee for Solidarity with Cuba, the Cuban Institute of Friendship with Peoples, and the Cuban Committee of Support for the Reunification of Korea signed an agreement regarding their mutual relations.

Workshop on Fidel Castro's Thought Held

PA2209213995 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 22 Sep 95

[From the "NTV Newscast"]

[FBIS Translated Text] The first national workshop on the political thoughts of Commander in Chief Fidel Castro Ruz concerning defense and the people's war was held at General Maximo Gomez FAR [Revolutionary Armed Forces] Academy in Havana.

General Ulises Rosales del Toro, first vice minister and chief of the general staff, and other generals, chiefs, and officers presided over the event. During his speech, Rosales del Toro noted that Fidel's thoughts are revolutionary and detached from any rigid structures, formalisms, or stereotypes. He said that, in essence, they are extremely dialectic and creative, and this becomes evident during the process of development through maturity.

The four commissions that participated in the workshop analyzed the work done with men, the political-moral factor in a people's war, Castro's main ideas about the military build-up, and the role of military cadres in a people's war.

For years, the research on Fidel's thoughts in the construction of the military has been a constant topic of study within the FAR. Studies cover from the attack on the Moncada Garrison to the creation of the rebel army, the creation of a new state, and FAR participation in international missions.

Workshops at the rank and file level have produced 202 papers, and it is expected that a scientific meeting on the topic will be held next year.

Central Army's Military Council Holds Session

PA2509022895 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 23 Sep 95

[From the "NTV Newscast"]

[FBIS Translated Text] The Central Army's Military Council held a session in Ciego de Avila province today. The council studied the first work directorates carried out during the first period of the training year. The progress of the Turquino-Manati Plan in the six provinces comprising this command was also reported during the first day's session of the Eastern Army's Military Council in Las Tunas province.

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The decision to attain the highest possible goals in the 1993- 1995 triennium to [words indistinct] of the FAR [Revolutionary Armed Forces] prevailed during the first session of the Central Army's Military Council, headquartered in Ciego de Avila province. Presided over by the Army commander, Division General Joaquin Quinta Sola, the meeting studied the leading work directives carried out during the first period of the instruction year, including the aquacultural development program and other aspects, such as preparation for the defense.

Directive 26 dealt with the development of traditional medicine, self—financing, and self-supply. The report stating that the second stage of the preparation for the next sugarcane harvest has been completed was also brought to the council members' attention. A consensus was reached that in the territory under the jurisdiction of the Eastern Army there are good conditions for carrying out the Turquino-Manati Plan.

The Military Council also studied in detail the problems limiting the work and how to solve them. There is progress in apiculture and coffee and cacao production. Nevertheless, there are unplanted areas, and the theft of products continues. In addition, cattle raising and poultry reproduction are poor. The ecosystem is deteriorating. As for reforestation, the indiscriminate felling of trees continues.

As for the Manati Plan, the people of Las Tunas and Camaguey reaffirmed their determination to comply with their sugarcane planting commitments for this year. A significant reduction in emigration from mountainous areas has already been observed, and 40,000 hectares have been turned over to more than 8,000 people. Social conditions are improving, although certain areas are experiencing serious transport, communications, housing, and (?road) systems difficulties.

In the meeting, the Eastern Army's Military Council also studied the results of the preparation for defense so far in the year, confirming that the Army guarantees the region's protection and that it will improve the FAR command.

Official on Downsizing, Reorganization of Economy

PA2409202995 Havana Radio Rebelde Network in Spanish 1700 GMT 23 Sep 95

[From the "National Radio News" newscast]

[FBIS Translated Text] In the last few months of the year, a process of job restructuring will be gradually executed in the country, together with a reorganization of the economy. Angela Ferriol, director of the Social Political Section of the Economic Research Institute, explained this to reporter Mariela Diaz.

[Begin recording, broadcast in progress] [Diaz] ...with the job restructuring and how will their situation be resolved?

[Ferriol] Approximately 500,000 people throughout the country will have to be laid off or moved to a different job. Now, this figure cannot be taken literally, in the sense that there is a list with the names of of 500,000 people. As I said earlier, the process to restructure jobs has certainly begun. The fact that a joint venture is created shows the elimination of underemployment in a particular company. [end recording]

The restructuring will be carried out at the same time as the reorganization of the economy, a process that seeks the efficiency from the grassroots level, namely the state-owned company. The job restructuring will be made taking into consideration the characteristics of each territory. As a result, it will be more felt in some areas than in others.

Angela Ferriol stated that despite the diffuclt times the country is experiencing, there are alternate sources of employment, especially in the agriculture sector. These were details of the job restructuring scheduled for the coming months.

Haiti

Radio Reports on Aristide, Lake 22 Sep Meeting

PA2509210495 Port-au-Prince Radio Nationale in Creole 1300 GMT 25 Sep 95

[FBIS Translated Excerpt] President Bill Clinton's national security adviser, Anthony Lake, made a two-day visit to Haiti over the past weekend. The U.S. official was the head of a delegation that met with President Jean—Bertrand Aristide in his Tabarre home on the afternoon of 22 September.

During this meeting, the two personalities discussed several issues of importance to the country. President Aristide spoke on the necessity of having more jobs to thwart the unemployment and misery effecting the Haitian people. He also mentioned justice — which is going badly. Mr. Lake tackled the question of presidential elections that are to be held in in December. Let us listen to a report by Frantz Louis-Seize.

[Begin recording] [Louis-Seize] President Jean-Bertrand Aristide received at his home in Tabarre President Clinton's national security adviser, Anthony Lake, head of a U.S. delegation that arrived on Friday, 22 September. During this meeting, President Aristide told journalists

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how satisfied he felt about the meeting with Mr. Lake, one of those who fought for his return to the country.

The head of state took the opportunity to tell us what issues were discussed with Mr. Lake for two hours. These discussions centered on the legislative elections that were held recently and how the presidential elections — in which the opposition has to participate in a climate of dialogue and mutual respect — will be held. They talked about how there can be more jobs in the country to thwart unemployment and suffering and how to give a boost to the country's economy so the development machine can move faster without forgetting the issue of justice.

President Aristide took the opportunity to say the government does not have the means to make all the enterprises work properly. The president also talked about what they still has to be done.

[Aristide] It is a celebration of peace when we meet. We took the opportunity to look at the several steps remaining to be taken. There must be many jobs in the country in order to fight suffering. We talked about that. There must be proper elections with the participation of all citizens, especially the opposition. There (?must be justice and reconciliation). All that was part of the beautiful conversation we just had. I will let him continue. He will tell you more but I am really happy to say on behalf of the Government and the Haitian people to both Mr. Lake, his delegation and President Clinton, we see through them a great friend to the entire Haitian people.

[Louis-Seize] For his part, Mr. Anthony Lake offered congratulations to President Aristide for all his achievements since his return while promising that the U.S. Government will work even more for the economic development of the country. Mr. Lake went to say that in the next few months they will create more jobs in the country jointly with the Haitian Government. Mr. Lake congratulated President Aristide for the realization of the second round of elections and hope the elections would unfold even better. Mr. Lake also talked about the formation of the new police force. He said he was happy to celebrate the way Haiti is today in comparison with the way it was in the past — while wishing the country a better future.

President Aristide took advantage of this meeting to answer some questions from journalists on the incidents that happened between a new national policeman and an interim policeman — the president asked for peace — and especially on the presidential elections. President Aristide said that there cannot be democracy without opposition. [words indistinct] on the way the judicial machine is going in the country — it is going too slowly, according to the head of state — due to the fact that there is too much corruption within the judicial apparatus. In regards to the elections, President Aristide answered as follows:

[Aristide] I am going to invite several of the opposition leaders through proper dialogues to see how we can organize proper elections with their participation. The private sector as well needs to have confidence in the electoral process. The majority of the Haitian people who are not living in Port-au-Prince need to have the same confidence. The more dialogue there is between us, the more we can prepare the elections together, and the more we will have democracy yield good fruits.

[Louis-Seize] According to President Aristide, this meeting could bring more fruits to the country. We are informing you that it is not the first time Mr. Anthony Lake has come to the country. He came here (?on the occasion of) President Aristide's return.

The Haitian delegation will visit the Department of the South on Monday, 23 September before going back to the United States. This is Frantz Louis-Seize for Radio Nationale. [end recording]

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SHCP Officials, Legislator on Debt Refinancing

PA2409002895 Mexico City EL FINANCIERO in Spanish 22 Sep 95 p 7

[Report by Rosa E. Arroyo, Gerardo Flores, and Salvador Rico]

[FBIS Translated Text] Finance and Public Credit Secretariat (SHCP) officials have reported that, if Mexico is unable to materialize the expected financing by early 1996, there will be problems in facing the maturities of the foreign public debt. They assured that the economic adjustment plan has yielded the expected results. This is why we can already talk about the beginning of an economic slowdown.

The SHCP Expenditures Under Secretariat explained that there will soon be other signs of economic improvement, because, by late September, another 30 percent of public spending — 50 percent of the annual total if we take into account the 20 percent used in the first half of the year — will have been exercised, thus strengthening the country's structure and creating jobs.

The country is beginning to follow the path of economic reactivation, and we can notice positive effects in certain variables, such as the increase [as published] in unemployment, contrasting with the first eight months of the year. Unemployment has decreased in August and September, and this is why we can foretell that the economic adjustment plan has borne fruits.

In response to the criticisms the emergency plan has had and to the voices demanding a change in the economic course or strategy, the SHCP officials retorted that this austerity program was devised to reduce the current account deficit, prevent a financial collapse, and design social aid programs.

It was explained that even though the adjustments have been brutal and even though we have moved backward in the development as a nation, the financial and economic collapse was prevented. There are positive signs, and the fiscal discipline policies and the exercise of the other 50 percent of public spending will be kept during the last quarter of the year.

The aforementioned points notwithstanding, the officials maintained that the maturities of foreign public debt will be hard to face if the country fails to get the expected refinancing, which amount to approximately $13 billion.

They also explained that Mexico can no longer talk about refinancing its debt, because this concept is operational only when a country is facing liquidity problems or is about to declare a moratorium on payments, which is a situation that is not happening in Mexico. It was even said that the Brady Bonds were renegotiated in 1990 and that this is why there is no chance of doing it again.

Finally, it was said that those who criticize the adjustment plan due to its strictness and to the nightmare it triggered, should make viable proposals that will make the country emerge and should not spread criticisms before it is time to make an evaluation on the program, as was the case on 9 March 1995.

Meanwhile, Arturo Nava Bolanos, secretary of the Senatorial Finance Commission, pointed out that, "in view of the country's serious financial situation, we cannot accept contradictory attitudes, as that of SHCP Secretary Guillermo Ortiz, regarding the foreign debt problem.

Legislator Nava recalled that Ortiz first said — on 7 September at the Chamber of Deputies — that renegotiating the foreign debt is "unnecessary," and, on 4 September in New York, he said that the Mexican government will seek to reduce the costs of this debt. This latter statement, Nava went on, "indeed means to renegotiate," adding that, in any case, the official must recognize that the government has decided to make a correction.

The Queretaro legislator of the blue-and-white party [National Action Party, PAN] affirmed that, evidently, we need to renegotiate the foreign debt, which, in addition, was a general statement included in the parliamentarian copy of the presidential report on economic matters. Ortiz attended the act held to submit this report.

We require, the senator insisted, a clear attitude on the finance arena. He underscored that, beginning with the most recent statement made by the finance secretary, the government of President Erneesto Zedillo Ponce De Leon is certainly beginning to recognize that it must renegotiate the foreign debt.

He assessed that a renegotiation of the debt with the U.S. Government is perhaps not timely, but that this type of operations could be conducted with international private banks.

Likewise, the also businessmen commented that contradictions as those of Ortiz trigger a lack of confidence domestically and abroad, because they reflect an undecided government.

Nava, who was also a PAN leader in Queretaro, said that authorities are responsible for showing firmness in their financial policies proposals and that, from now on, they must avoid such contradictions as the one that evidently just took place.

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Tortilla Prices Increase 10 Percent

PA2409202595 Mexico City Radio Red Network in Spanish 0000 GMT 23 Sep 95

[Report by Antonio Guzman; from the "The Night Monitor" newscast]

[FBIS Translated Text] One week after Eugenio Carrion, under secretary of interior trade of the Secofi [Commerce and Industrial Development Secretariat] said that the liberalization of prices of tortillas and three other regulated products had not been planned, this Friday [22 September] the opposite was stated.

Jose Luis Perdigon, Secofi basic products director has said that the liberalization of the tortilla prices has been scheduled for the mid-term. In addition, authorities are reportedly considering eliminating the subsidy on tortillas, whose prices increased by 10 percent this Friday. The new price of tortillas is 1.10 new pesos per kg in the federal district. Let us listen:

[Begin recording] [Perdigon] If we can [words indistinct] in the medium-term we plan to do that [words indistinct].

[Unidentified reporter] [words indistinct] economic recovery [words indistinct] 3 percent?

[Perdigon] No, I cannot give you a precise answer. But in the medium-term we are seriously considering [words indistinct] [end recording].

It should be pointed out that the official indicated that the nasty subsidies applied at this moment will be eliminated, one of which is the subsidy on tortillas and corn.

He also remarked that it should be noted that Secofi increased the tortilla prices in response to the recent increase in corn prices, which put tortilla and dough producers at a disadvantage. In this regard, authorities have fulfilled their promise because in recent days, they established that the price increases will continue for different products.

Secofi also said that the increase in tortilla prices was agreed upon as part of the economic agreement, and with this increase begins the gradual adjustment to reach a real price, eliminating the subsidy this product now has.

With this increase, the price of tortillas in the federal district and various municipalities in Mexico State is set at 1.10 new pesos per kg of tortilla. In the other states of the country, excluding Baja California Norte and Sur and Quintana Roo, the price of tortilla will be set at 1.40 new pesos. In Baja California Norte and Sur and Quintana Roo States, the price of tortilla will be set at 1.45 new pesos, in Cancun 1.60 new pesos, and in Cozumel 1.70 new pesos.

This marks the beginning of the liberalization of tortilla prices.

Government Reports Public Spending Increase

PA2209233495 Mexico City EL FINANCIERO in Spanish 17 Sep 95 p 5

[Report by Leticia Rodriguez Lopez]

[FBIS Translated Text] In light of the demands of the private sector to release resources as soon as possible in order to contribute to the reactivation of the Mexican economy, the federal government has reported that during the third quarter of the year public spending increased from 28.2 to 31.1 percent.

In addition, in response to the concerns of businessmen for the seriousness of the crisis, the government said there are other actions aimed at easing the financial situation of the production infrastructure, like the "Special Support Program for Working Capital, with an amount of 2 billion Udis [Investment Units]."

Consequently the program, which will be handled by the National Finance Bank, will provide resources to commercial banks at real rates for the granting of credits in the form of working capital of up to 500,000 pesos for micro, small, and medium-sized companies.

The maximum term for granting credits for companies will be two years, including a six-month grace period.

In addition, the government said that up to now more than 50 percent of the debt from financial intermediaries other than banks have managed to restructure their liabilities.

In this regard, it explained that under the "guidance" of a bank, factoring companies and independent financial leasing corporations may restructure their debts with different bank-creditors.

Regarding the restructuring of credits through development banks, the government highlighted that there is a program for 6 million Udis, with periods of five to 12 years and a grace period of up to seven years, with a maximum rate on the final credit amount of 11 percent annually.

As part of the support programs to achieve the economic reactivation, the creation of the Infrastructure Investment Fund was mentioned, with an initial 1.6 billion new pesos contribution from the federal government.

This fund will promote, through the contribution of capital and granting of guarantees, new infrastructure projects with economic and social profitability.

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Regarding the measures proposed by the private sector to reactivate the economy, it was reported that the FIRA [Trust Institute for Agriculture] will increase its guarantee from 40 to 50 percent of the debt in the ADE [Agreement for Immediate Support to Bank Debtors] to support new credits for producers, and the guarantee program will be maintained.

The demand for voluntary fiscal compliance for small and medium-sized companies, canceling fiscal credits, was considered inconvenient. However, it was reported that the debts of 15,000 companies have been restructured.

According to the document delivered by the government to the private sector regarding the "Response and Advancement of the Proposal of Urgent Measures To Support Production Infrastructure and Employment," from July to September public spending increased originally from 28.2 to 31.1 percent, that is, nearly 3 percent.

Regarding support to exports, it was explained that from August to September of 1995, the National Foreign Trade Bank of Mexico (Bancomext) will use $6.067 billion, which accounts for 60 percent of their annual program.

For direct exports $4.537 billion are yet to be allocated. They will be mostly destined for preexport [preexportacion] activities and the remainder for sales, as well as an expansion of $4 billion for their promotion.

In addition, Bancomext will grant $680 million worth of financing during the remainder of the year.

The government remarked that the policy of this institution was eased to finance the import of inputs and raw materials that are incorporated into the productive network of goods for export, basic grains, and capital goods.

Concerning the preceding fiscal period of the FOVI [Housing Operation and Discount Fund] budget, it was indicated that during the second half of the year its program for 1996 was implemented for the construction of 70,000 homes, which will-generate 200,000 jobs.

Of the total housing program, the construction of 47,342 homes has started, and the rest will be built from August to December.

FOVI stressed that there is a special program of 3 billion Udis for the construction and sale of 48,000 homes, of which banks already have 27,214 homes under construction and the rest will be started in the last quarter of the year. The program will create 180,000 jobs.

In addition, FOVI established a special credit program for Sofoles [Limited Financial Societies] engaged in the mortgage market for the construction of 6,000 homes. So far credit rights for 2,000 homes have been auctioned, and the rest will be auctioned this month.

Civic Groups Urge Referendum on Economic Policies

PA2409151195 Mexico City LA JORNADA in Spanish 22 Sep 95 p 55

[Report by Patricia Munoz Rios]

[FBIS Translated Text] Representatives from different production sectors and social organizations of the country yesterday favored the elimination of the neoliberal model, "which has immersed the country in repeated crises," and made a call to hold a*referendum for freedom*, through which citizens will be able to vote against the current economic system and choose an alternative program.

Businessmen, agricultural and industrial producers, peasant unions, and debtors, as well as many social organizations, launched the proposal of this referendum, which would be held throughout the country from 24 September to 24 October.

The proposed scheme — people would have to vote for or against it — includes 12 points divided in three sections: 1. To reactivate the economy, they demand the redirecting of public spending toward activities that will create jobs and, at the same time, will combat the backwardness in food and health matters; the implementation of fiscal reforms to lift taxes from lower economic classes; the revision of the autonomy of the Bank of Mexico and foreign exchange policies; a reduction in interest rates; and the recovery of resources through a head-on fight against corruption and government squandering.

2. To consolidate the domestic market, they proposed to increase the minimum salary by 25 percent; solve the problem of expired portfolios through "releases" from debt and the payment of interest; restore to Congress the duties of overseeing public spending; revise the system of subsidies to the agricultural sector; and implement industrial policies.

3. To redefine foreign relations, the organizations are planning to renegotiate the periods, balances, and interest rates on the foreign debt; reform the Public Debt Law to ensure Congress will determine the amount of spending; and exercise the right the country has to revise NAFTA in order to adjust it to the new development strategies.

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Among others, the National Association of Manufacturers, the Business Change Forum, the Civic Alliance, the National Confederation of Coffee Organizations, the Union of Regional Peasant Organizations, the Network for Action on Free Trade, El Barzon Movement, and the Permanent Forum on Resisting the Crisis are some of the organizations making this call.

At a news conference, representatives of these organizations pointed out that the results of the referendum would be released to the executive and legislative branches to ensure that they will resume making civic decisions. Otherwise, they warned, "we will not remain with our arms folded" in the face of the country's imminent economic collapse and will start a number of civil resistance moves.

Alejandro Nadal Egea, coordinator of the technical secretariat promoting this referendum, said that civilian society is taking a decisive step to recover the right and ability to make decisions pertaining to economic matters. This right and ability is currently in the hands of a small group of technocrats who are more concerned about the interests of speculative capital than about the Mexican economy.

The government, he went on, deceived us with the promise of administering affluence, with the promise that the 1982 crisis was going to be overcome with an adjustment program, and with the false promise of an easy entry into the category of developed economies. Instead, it created an economy in which only speculative logics prevailed.

Meanwhile, Civic Alliance's Enrique Calderon Alzati maintained that "we do not have to have a great deal of knowledge on economic matters to know that this model can no longer work, and political leaders, as well as economic leaders, Catholic Church leaders, and civic organizations, agree on this point, because after 13 years of having this system, the country's reality is dreadful, people have seen their standard of living fall, and, in general terms, Mexico, to be quite frank, is at the level of underdeveloped nations. However, national wealth has been placed in the hands of a few people."

Roundup of Mexican Economic Developments

PA2509234395

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 25 September.

According to information supplied by the Mexican Auto Industry Association, exports between January and July, including exports by assembly plants, totaled $44.397 billion. Of this amount, 18.6 percent corresponds to auto exports, exceeded only by the sales of electronics and electrical appliances totaling $10.989 billion. Of the $40.726 billion worth imports, 14.6 percent came from the auto sector and 21.6 percent from electronics and appliances. The trade balance of the auto sector reportedly showed a $2.314 billion surplus. (Mexico City EL FINANCIERO in Spanish 18 Sep 95 p 2)

The National Iron and Steel Industry Chamber (CANACERO) has reported the national steel production has registered the highest growth in the last five years, increasing by 19 percent in the first six months of the year. Analysts indicated iron production has reached the maximum and is not expected to grow significantly in the coming months. Sources affirmed this is the result of slow iron production growth during the first seven months of 1994. Meanwhile, production of laminated products reportedly grew by 15.2 percent, with a total of 4.6 million tons. (Mexico City REFORMA in Spanish 18 Sep 95 p 29A)

The Secretariat of Communications and Transport has granted Avantel Corporation (a Banamex-MCI joint venture) the first concession to install, operate, and exploit a public telecommunications network. Communications Secretary Carlos Ruiz Sacristan announced that the federal government will create in the next few days an economic development program for basic infrastructure to attract fresh resources. In a communique, the Secretariat of Communications and Transport remarked Avantel will make a $612-million investment and will have 5,365 km of optics fiber linking 34 cities of the country in 1997. The secretariat concluded this investment will generate 2,000 indirect jobs during the construction period. (Mexico City EL FINANCIERO in Spanish 18 Sep 95 p 56)

A Bank of Mexico (Banxico) report has set the bad loan portfolio of commercial banks at 9.685 billion new pesos (N$). The report highlighted the steady growth of bad loans, as well as high-risk loans. According to the Banxico report, as of June 1995 the high- risk debt totaled NS22.313 billion, compared to a little over N$10 billion one year ago. The report further states that the high-risk loans increased by 44.3 percent in the last six months, going from N$15.461 billion in January to N$22.313 billion in June. (Mexico City LA JORNADA in Spanish 18 Sep 95 pp 67, 55)

Between January and August, Mexican Petroleum (Pemex) obtained an average oil production of 2.684 million barrels per day (BPD) in sea a land fields. This volume is similar to the one registered for the first eight months of 1994. Pemex reported of the aforementioned total, it obtained 1.462 million BPD of light and inter-

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mediate oil and 1.222 million BPD of heavy oil. (Mexico City REFORMA in Spanish 19 Sep 95 p 18A)

According to a Mexico City, 19 September datelined item, the National Foreign Trade Bank of Mexico, Bancomext, issued securities for a two-year term amounting to 24 billion Japanese yen or approximately $192 million. Bancomext's Japanese partners in this operation were Yamaichi International and the Fuji Bank. (Mexico City NOTIMEX in Spanish 1452 GMT 19 Sep 95)

According to a 19 September report datelined Mexico City, during the first half of 1995 the maquila [assembly plant] industry registered an accumulated annual growth of 14.1 percent in comparison to the same period in 1994. The National Institute of Statistics, Geography, and Information Science, INEGI, reports that the total value added generated by this economic activity was 89 percent during the first half of 1995. INEGI emphasized that in early 1995, total employment for this export sector was 620,493 workers, a 9.6-percent annual accumulated increase over 1994. Five states employed 85.2 percent of the industry's total workers: Chihuahua, Baja California Norte, Tamaulipas, Coahuila, and Sonora. (Mexico City NOTIMEX in Spanish 1937 GMT 19 Sep 95)

The following is a compilation of reports on economic developments in Mexico monitored through 25 September.

The Secretariat of Finance and Public Credit, SHCP, reported that the costs of Mexico's domestic debt will reach 46.215 billion new pesos in 1995, a 149-percent increase over last year's interests. The SHCP also informed that this year's net domestic debt decreased to an estimated 8.5 percent in relation to the gross domestic product. (Mexico City REFORMA in Spanish 19 Sep 95 p 36)

Javier Bonilla, secretary of labor and social welfare, said employment slightly increased in August when the number of affiliates to the Mexican Social Security Institute, IMSS, increased by 1,200. This may represent a halt to increasing unemployment. (Mexico City REFORMA in Spanish 19 Sep 95 p 15A)

According to the Confederation of Industrial Associations, Concamin, approximately 8,000 micro, small, and medium-sized businesses have closed down thus far in 1995 as a result of the crisis, reduced domestic market, and higher costs of money. (Mexico City REFORMA in Spanish 19 Sep 95 p 18)

According to a Mexico City, 20 September datelined item, the Bank of Mexico, Banxico, reported today that the country's international reserves totaled $15.14 billion as of 15 September, that is, a $75 million drop compared to the 8 September figure. The bank added that the monetary base totaled $47.239 billion new pesos as of 15 September, a 1.696 billion peso increase compared to the 8 September figure. (Mexico City NOTIMEX in Spanish 1551 GMT 20 Sep 95)

The Secretariat of Finance and Public Credit has reported that the federal government's domestic debt totaled 129,769,229,000 new pesos as of 31 August, that is, a 7.4 percent decrease compared to 140.1287 billion new pesos registered by the end of June. It added that treasury bonds in circulation as of 30 August totaled 2,409,510,000, a $4.666 billion drop in comparison to the June figure. (Mexico City EL FINANCIERO in Spanish 20 Sep 95 p 9)

Due to higher demand, interest rates paid by the four types of Treasury Certificates, Cetes, dropped to an annual rate of under 35 percent. Banxico has reported that interest paid by 28-day Cetes dropped by 2.03 percent to an annual rate of 31.97 percent, the lowest in 1995, Banxico has reported. This was the biggest drop in the past seven weeks. The bank also reported that 91-day securities dropped 1.54 percent to an annual rate of 33.29 percent, also the lowest in 1995. (Mexico City EL FINANCIERO in Spanish 20 Sep 95 p 16)

At the close of July, Mexico's commercial banks owed Banxico 99.725 billion new pesos. This figure is 1.994 billion new pesos higher that the amount the commercial banks owed Banxico as of the close of December 1994. (Mexico City EL FINANCIERO in Spanish 20 Sep 95 p 6)

The National Institute of Statistics, Geography, and Information Science, Inegi, has reported that the country's unemployment rate was 7.3 percent of the economically active population in July, that is, seven-tenths higher than in June. Inegi attributes the increase to students seeking summer jobs. After adjusting for this factor, the actual unemployment rate was 6.6 percent. Monclova with 8.7 percent and Mexico City and Monterrey with 8.6 percent registered the highest unemployment rates in July. (Mexico City REFORMA in Spanish 20 Sep 95 p 17A)

The Finance and Public Credit Secretariat (SHCP), the country's trade balance registered a $4.543 billion surplus for the first eight months of 1995. Meanwhile, between 1995 and 1996 the country will pay $11.588 billion for foreign debt interests. Exports increased by 32.9 percent, in other words a total of $51.652 million between January and August. Payments for imports reached $47.109 million during the first eight months of 1995, which show a 7.6 percent annual decrease (Mexico City LA JORNADA in Spanish 21 Sep 95 p 48)

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The Commerce and Industrial Development Secretariat, Secofi has reported that exports by the maquiladora [assembly plant] sector were approximately 38 percent of the total of Mexican exports during the first semester of 1995. Between January and June 1995 this sector made exports for $14.516 billion, while total exports were $38.312 billion. This sector also registered 34 percent of the imports, which totaled $12.315 billion. (Mexico City LA JORNADA in Spanish 21 Sep p 48)

The Bank of Mexico (Banxico) has issued a report saying that the monetary base totaled 47.8 billion new pesos, while deposits in various banks registered 10.3 billion new pesos by the end of August. In comparison to past December figures, the monetary base was reduced by 9.1 billion new pesos and there was a growth of 8.1 percent. (Mexico City EL FINANCIERO in Spanish 21 Sep 95 p 5)

According to a Mexico City, 21 September datelined report the National Foreign Trade Bank of Mexico (Bancomext) registered exports national products promoted during international fairs in France and the United States for more than $600,000 during the second semester of 1995. (Mexico City NOTIMEX in Spanish 2041 GMT 21 Sep)

Credits assigned by banks for low-cost housing showed a positive growth during the first semester of 1995. They totaled 53.94bb new pesos, reflecting a 7.7-percent increase over the amount registered in December 1994. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 22 Sep 95 p 3A)

The Federal Government has earmarked approximately $3.4 billion — 21.1 billion new pesos — to purchase shares of five banks because their shareholders were not able to capitalize those institutions in accordance with the terms established by the country's financial authorities. Eduardo Fernandez, president of the National Banking and Securities Commission (CNBV) made the announcement at a news conference, but clarified that this action in no way implies statization. The banks involved in this transaction are: Mercantil-Probursa, Promex, Atlantico, and Bital. (Mexico City LA JORNADA in Spanish 22 Sep 95 p 46)

The International Finance Corporation (IFC) granted Cementos Apasco a $100 million credit. Four U.S. insurance companies — Prudential, Sun America, North Western, and John Hancock — will contribute with $80 million, while the IFC will participate in the operation with $15 million. (Mexico City EL FINANCIERO in Spanish 22 Sep 95 p 11)

The Alfa Industrial Group placed bonds in the international markets for $150 million, with an 8 percent interest rate and payable in five years. This issuance restores the participation of Mexican firms in leading international markets, such as J.P. Morgan and Merrill Lynch. (Mexico City EL FINANCIERO in Spanish 22 Sep 95 p 6)

Decio de Maria Serrano, deputy secretary of foreign trade has reported that from January to August of this year exports of the maquila [assembly plant sector] industry totaled $20 billion, producing an added value of more than $2.6 billion. (Mexico City EL FINANCIERO in Spanish 22 Sep 95 p 26)

Chiapas Governor Makes Appeal Visit to Portugal

LD2109162095 Lisbon RDP Antena 1 Radio Network in Portuguese 1100 GMT 21 Sep 95

[FBIS Translated Text] The rebel governor of Chiapas is visiting Portugal. Amado Avendano Figueroa arrived in Lisbon this morning where he is due to meet several political figures and ask for help in monitoring the elections:

[Begin Figueroa recording in Spanish] What the Zapatistas are asking is what everybody asks for; what the Mexican people need is democracy, justice and freedom. That is why we easily find many people who show solidarity with our cause. The first thing we need is for groups of observers to travel to Mexico and Chiapas for the elections and to monitor the Mexican Army's activities and stop them from attacking civilians. That is what we want. There are already many people who are doing us the favor of being in Mexican camps and that helps us a lot because it is stopping a war. [end recording]

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El Salvador

Commerce Minister Article on Economy, Trade

PA2609043395 San Salvador LA PRENSA GRAFICA in Spanish 24 Sep 95 p 9A

[Article by Economy Minister Eduardo Zablah-Touche: "The Businessman's Role in the New Economic Situation"]

[FBIS Translated Text] The government's Economic Platform for Social Development strives to incorporate El Salvador into the world phenomenon of globalization, which is necessary if the goal is to achieve a sustained economic growth which allows the generation of resources, to provide basic solutions to our country's problems.

In the past we had a Central American integration plan which allowed the regional industry's development with high levels of tariff protection, and this allowed certain degree of efficiency. This protection gave comparative advantages because countries competed based on what they could produce with their own resources. However, we now talk about competitive advantages rather than comparative advantages since an efficient production is now sought independently of the national existence of resources or raw materials.

The globalization of economies is a far-reaching phenomenon and it is developing quickly. Progress achieved in the transportation, communication, and technology sectors, and governments' decisions, have affected the handling of physical and human resources. The role of trade, foreign investment, and regional strategic alliances has become a decisive element for economic progress. Likewise, it is important that we bear in mind there is now an agreement among American presidents to create a free trade area in the continent by 2005.

World globalization is a reality, and it entails a production chain through which raw materials or assets located in different countries can be assembled in another country and destined for the world market. It is not simply a matter of selling outside the Central American area because this has always been done.

The Salvadadoran industrialist has proved he has the capability to compete in the world market, creating production even when the country lacks the resources because the important thing is for us to be able to efficiently purchase, manufacture, and assemble products to reach the markets we are interested in with good quality and good prices.

Moreover, the implementation of the North American Free Trade Agreement (NAFTA) in 1994 modified the status of El Salvador's trade relations with two of its main partners. NAFTA covers the world's largest regional market with a mid-term potention of 425 million consumers.

Our country, in the face of these changes, began formulating a trade negotiation strategy aimed to recover commercial relations with its main marketplace, the United States, establishing a bilateral negotiation strategy for a free trade agreement with Mexico as an access path to NAFTA. However, the Mexican crisis, which is known to all, momentarily prevented that these negotiations continue, until this week when talks resumed once again.

The changes that NAFTA has brought to the continent's trade are a challenge to our country because it forces us to take actions to recover the advantages it had prior to this treaty being implemented. All of Central America faces the challenge of renewing its productive apparatus. The challenge of raising our country's competitive apparatus is fundamental to face the change in our continent's commercial relations.

What should be the Salvadoran entrepreneurs' true role in the face of the previously mentioned changes? The challenge is to get our productive processes to be more efficient and modern so that they fulfill price and quality requirements and allow it to compete successfully in the world market.

The concept of quality will be essential in the immediate future so as to strengthen growth and entrepreneurial development based on products that are highly competitive in our region and in any part of the world. Our country's entrepreneurs must face the problems imposed by product quality demands made by consumers, through efforts to establish a new mentality by everyone involved in the production of goods and services, so as to make these more competitive.

It is important to boost a whole mentality of handling and administration of quality, at national level, and its implications to the country's social and economic development. The modern entrepreneur must ensure that all personnel receive periodic training and maintain training programs to ensure the use of the latest techniques for the manufacturing of the businesses' products and the rendering of its services. This is very beneficial if we take into account that from 1 January 1996 there will be practically no tariff for raw materials and capital goods. The tariff reduction is intended to make our industry competitive with protection levels that allow it to compete internationally.

If we want to be competitive, our human resources must be trained to use technology properly. A trade opening

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requires highly skilled managers and workers with a salary structure that rewards productivity.

There are sectors which fear a trade opening and look pessimistically upon a free-trade hemisphere like the one the presidents agreed on at the Miami Summit. However, our businessman must visualize the advantages of that agreement which allows all our product easier access to huge markets, such as the North and South American markets, which, in one way or another, have been protected from our products being imported. Our businessman must face the need to seek out new markets for his products. Likewise, he must seek out strategic alliances, attract foreign capital, and joint investments to project himself into different markets. In a globalized world with open markets, we will have access to many markets, as long as we have the ability to produce competitive products.

Businessmen must update themselves and initiate an industrial reorganization process. Modernizing the productive mechanism is sometimes perceived as merely a physical reorganization process, but it primarily requires a change in the business leaders' mentality in adapting their companies to face the challenges of more competitive markets. This psychological change is the secret to success in the new international trade system.

Internal changes must also be made. It is important that our businessmen be aware of their fiscal responsibilities, if not it will be very difficult for the administration to conduct a responsible macro economic policy. A "culture of national responsibility" must be adopted. Thus, it becomes important that our businessman pays his taxes on time, and in accordance to what the tax law specifies he must pay. In general, we must get used to operating under strictly legal, but at the same time flexible and honest, conditions.

In conclusion, we must all understand that labor laws exist to be obeyed by all of us and to guarantee decent wages for our workers. The Salvadoran workers has proved to be able, efficient, and very willing to learn new production techniques, which means greater profits for businessmen and workers.

For El Salvador, the decade of the 90's should be the decade of concerted, economic growth accompanied by the social distribution of wealth in a process of sustained democratization. However, the challenge is enormous and very difficult to achieve, unless we make a concerted and united effort.

The opportunity is there... [ellipsis as published] the rest depends on us.

Nicaragua

Social Democratic Party Withdraws From National Project

PA2409151295 Managua Canal Cuatro Television in Spanish 0400 GMT 19 Sep 95

[Report by Jessie Castillo, from the "Extravision" newscast]

[FBIS Translated Text] The Social Democratic Party [PSD] has withdrawn from the alliance with Pronal [National Project] because of its antidemocratic ways, Adolfo Jarquin Ortel stated today. After months of an idyllic honeymoon, the PSD decided to break with the Pronal.

[Begin recording] [PSD President Adolfo Jarquin Ortel] Following a decision yesterday by our National Directorate, we decided to break from the Pronal by 32 votes in favor and 3 against. [end recording]

The PSD, the Socialist Party, and the so-called Center Bloc form the support bloc to the government in the National Assembly. However, the break of this alliance became visible following the constitutional reforms.

[Begin Jarquin recording] Necessary consultations were not made. Certain decisions were made unilaterally, adversely affecting the interests of political parties. From the beginning, we stated how Pronal should have worked, because we continue to maintain that in this country, we must form a different alternative. [end recording]

According to Jarquin Ortel, the political future of Pronal is grim.

[Begin Jarquin recording] We said it before: The Pronal cannot continue to maintain its antidemocratic ways. We called for necessary corrections to be made. [end recording]

This is yet another break of an electoral alliance before the elections. Only time will tell who will get to the finishing line.

Urges Ethics Code To Avoid 'Dirty' Campaign

PA2409195495 Managua Radio Sandino in Spanish 1200 GMT 22 Sep 95

[From the "What's Happening?" newscast]

[FBIS Translated Text] The Social Democratic Party [PSD] favors the use of an ethics code during the next electoral campaign. The night before last, Virgilio Godoy Reyes, vice president of the Republic, warned that the upcoming electoral campaign will be dirty and

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violent. Meanwhile, the Sandinist Front has proposed the establishment of an ethics code to rule the actions of the parties during this period.

In this respect, PSD President Adolfo Jarquin Ortel has stated the following to the "What's Happening" newscast:

[Begin Jarquin recording] I agree with Dr. Virgilio Godoy. As things look now, it will be a dirty and violent campaign. If you don't believe me, just look at the current terrorist campaign against the Catholic church. This is a prelude of what can happen. We can also observe how political leaders are being knavishly attacked. Slanderous assertions against certain people are easily made in this country. Such a situation allows us to predict that the electoral campaign will be dirty and violent. What do we think is necessary to counter this? It is necessary for the political organizations in the country to sit down and agree to an electoral ethics code and the rules of the game for the upcoming electoral campaign. If not, as you have mentioned, political murders can occur here, and this would really throw the country into confusion. [end recording]

Independent Liberal Party Breaks Talks With PLC

PA2409175395 Managua Canal Cuatro Television in Spanish 0400 GMT 21 Sep 95

[Report by Jessie Castillo; from the "Extravision" newscast]

[FBIS Translated Text] The Independent Liberal Party [PLI] broke its talks with the PLC [Liberal Constitutionalist Party] because Arnoldo Aleman did not fulfill his commitments. In an exclusive interview with "Extravision" newscast, PLI President Dr. Wilfredo Navarro disclosed that the talks between the PLI and the PLC have been interrupted because Aleman did not fulfill his commitment.

[Begin recording] [Navarro] The talks with the PLC have been unfortunately suspended, not because of the will of the PLC but because of the unilateral attitude of Mayor Aleman. On 11 September he called me to tell me that we either accept their offer or each party would go its separate way because he was not ready to wait for us.

[Unidentified reporter] What did this offer consist of?

[Navarro] We were offered seven deputies to the National Assembly and other things later. For us, this is offensive and, more than anything, irresponsible, because Mayor Aleman accepted one month ago that the PLI would make up 32 percent and the PLC 68 percent of the Liberal alliance. [end recording]

The PLC maintains that the Liberal alliance already exists, which contradicts PLI principles, according to Navarro.

[Begin Navarro recording] We propose that the guarantee of maintaining the Liberal objectives and government program lies with the PLI position. We, PLI members, need to have a presence in the National Assembly to ensure there will not be distortions of the Liberal project. The same holds true for public office. We need the guarantee. We represent the face of honesty of the Liberal project. [end recording]

The PLC has been criticized for its connections with a series of personalities whom Navarro called members of a pro-Somoza power group who intend to become entrenched in power should they win the presidency.

[Begin Navarro recording] There are leaders within the PLC who truly want the unity, but they have been obscured by the attitude of what people call the hawks within the PLC. And there is a rift there: we have what they call the doves and the hawks. Out of necessity, these negotiations have been held with the hawks. [end recording]

According to analysts, the promoted Liberal unity is on the verge of collapse, given the strong political interests surrounding Arnoldo Aleman's party.

Daniel Ortega: Bomb Attacks 'Provocation' To Discredit FSLN

PA2309220895 Managua Radio Sandino in Spanish 1200 GMT 20 Sep 95

[From the "What's Happening?" newscast]

[FBIS Translated Text] Daniel Ortega Saavedra, secretary general of the Sandinist National Liberation Front [FSLN] and former president of Nicaragua, has strongly condemned recent terrorist attacks on Catholic churches and explained that the attacks are overt acts of provocation promoted by the enemies of the people to orchestrate smear campaigns against the FSLN and its leaders. The Sandinist leader noted that the attacks are taking place as the electoral race draws near and have stooped so low as to seek to revile and tarnish the name of FSLN founder Tomas Borge Martinez, commander of the revolution. Ortega expressed his support for Borge Martinez and Colonel Lenin Cerna, as well as for the country's military and police institutions since they are also target of the smear campaign. In addition, Ortega expressed his support for Cardinal Miguel Obando y Bravo.

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Commentator Views Pacification Compliance

95P21081A Managua LA TRIBUNA in Spanish 31 Aug 95 p 6A

[Commentary by Lino Hernandez Trigueros: "We Must Comply With Caulatu"]

[FBIS Translated Text] One of the most positive aspects of 1994 was the disarming of most of the Northern Front 3-80, achieved with the signing of the Caulatu agreements in Quilali. About 500 men under the command of Commander "Chacal" and his general staff surrendered their weapons in order to rejoin civilian life, with the resulting state of peace for a broad area of northern Nicaragua.

The government, through different ministries, coordinated in practice by the Ministry of Government, took on specific commitments regarding security, housing, land, financing, social programs for the war victims, and the incorporation into the police of some of the demobilized men.

Putting the Caulatu agreements and their annexes into perspective, in comparison with other agreements signed by the government with other demobilized sectors, we could say that the leaders of the Northern Front 3-80 who demobilized in March and April 1994 obtained the basic conditions for their men to rejoin civilian life with dignity.

But as has happened repeatedly, if negotiations to achieve disarmament are difficult and complex, how much more difficult is the real process of reintegrating the former combatants. This is often because the "agreements," as general documents, do not establish a calendar or forms or mechanisms for compliance, but it is mainly because once disarmament has been achieved, the bureaucracy returns to its routine and the demobilized men and their problems cease to be a "priority" for those charged with meeting the commitments.

We believe that it is essential for us to talk about the need to comply with the Caulatu agreements, not because we only speak on behalf of the contras—as some biased sectors try to characterize us—but because as representatives of the CPDH [Permanent Commission on Human Rights] and along with other Nicaraguan and international organizations and persons concerned with the pacification of Nicaragua, we are observers and guarantors of compliance with these agreements.

We must acknowledge that some aspects of the agreements have been complied with, even if only partially, such as the purchase of farms for the cooperatives that were formed and financing for livestock and work animals. But there are fundamental aspects that await compliance and that threaten a feeble pacification that has not yet taken hold, sometimes in spite of the leaders' will.

We are referring, for example, to the fact that those wounded in the war continue to wait to be covered by the INSS [Nicaraguan Social Security Institute] social programs.

We are referring to the fact that there is still a criminal case open in the Ocotal courts for the kidnapping of Sandinist deputies and government officials in August 1993. This is a constant threat against the freedom of the demobilized men, even if some say otherwise.

We are referring to the fact that the government has not met its commitment to assume 50 percent of the debt acquired in purchasing land for the cooperatives.

We are referring to the fact that the police units into which the demobilized men of the Northern Front 3-80 were integrated continue to wait for the vehicles they were offered and, more than a year after incorporation into the police, the troops are not even on the regular payrolls, their wages are constantly delayed, and they do not even have cots to sleep on. This is all in contrast to the traditional police in the area.

If we take into account that at least 14 of the 60 demobilized men who were integrated into the police have deserted to join the rearmed groups, we can see that this situation cannot be ignored.

It is worthwhile to point out the attitude of friendly governments and institutions, such as AID and the French and Italian Governments, which have supported the pacification process by promoting housing and reforestation programs that have an incalculable value in making the former combatants feel reconciled and turn to rebuilding their lives.

In contrast, the attitude of the minister of government, who does not even want to talk about the matter, is inexplicable.

The Caulatu commitments, undertaken before the highest dignitaries of the Catholic Church and serious Nicaraguan and international human rights organizations, require a responsible attitude from the government counterparts. Playing games with peace is a luxury nobody can afford.

Survey Shows Increased Economic Pessimism

95P21082A Managua LA TRIBUNA in Spanish 13 Sep 95 pp 1A, 5A

[By Alvaro Cruz Rojas]

[FBIS Translated Text] Nicaraguans perceive less and less difference between their standard of living under

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the Sandinist government and under the Chamorro government and believe that their personal economic situation is deteriorating rapidly, according to a survey by the CID-Gallup company.

In comparison with April 1995, Nicaraguans today feel that this government has placed them in the same situation as the previous government. Thirty-six percent of Nicaraguans believe that right now they are living better than under the Sandinists, in contrast to the 42 percent who felt this way in April. Moreover, 35 percent now think that under Sandinism they lived better than under the current government, in contrast to the 29 percent who thought this way in April.

According to CID-Gallup, this means that the overall differences in public opinion about the standard of living during the Sandinist government and the Chamorro government are becoming less and less. This is the perception of the 1,245 Nicaraguans interviewed by CID-Gallup between 21 and 29 August 1995.

The same survey shows that 59 percent of Nicaraguans have seen an extreme rise in the cost of living in the last four months, in spite of optimistic official figures that show inflation is under control and the economy is growing. Forty-one percent of the population view their economic future with little optimism and believe that their situation will be worse than it is now. Only 14.7 percent of those surveyed think that it will be better.

This whole economic crisis means that only 14 percent of Nicaraguans describe Violeta Chamorro's policies as positive, and only three out of 10 Nicaraguans have a favorable opinion of the president. Likewise, Antonio Lacayo, President Chamorro's son-in-law and former minister of the presidency, has only a 24 percent favorable rating and a 47 percent unfavorable one. Lacayo, who now intends to continue his mistakes with his presidential candidacy for the so-called National Project, was the architect of President Chamorro's economic policy. Lacayo's political party has only a 3 percent approval rating among voters.

Noncompliance With IMF Guidelines Viewed

95P21083A Managua LA TRIBUNA in Spanish
13 Sep 95 p 5A

[By Denis Garcia Salinas]

[FBIS Translated Text] The government admitted on 12 September that it had deviated from the original ESAF [Extended Structural Adjustment Facility] set forth by the World Bank and the IMF. An IMF mission currently in Managua strongly criticized the authorities for noncompliance with the economic stabilization plan.

Deputy Finance Minister Mirna Somarriba told a news conference on 12 September that the Violeta Barrios de Chamorro government had not complied with the guidelines set forth by the World Bank and IMF experts regarding reducing the size of the state and implementing a harsh austerity policy for government spending. In response to IMF pressure, the government plans to lay off a certain number of public employees.

At the news conference, Somarriba asserted that the government has decided to put a "bridge program" into effect to "return to the ESAF goals." According to those in the know, this means that the government does not have access to ESAF funds.

Foreign Cooperation Minister Erwin Kruger said in another interview that the delay in privatizing Telcor [Nicaraguan Telecommunications and Postal Services] has prevented $110 million from coming into Nicaragua.

According to economist Francisco Mayorga, interviewed by LA TRIBUNA, the government had excessive public spending and the budget suffered because of the chaos that occurred in ENEL [expansion unknown], caused by the drought and losses from slow payers, among other things. The above was admitted by Somarriba in statements to this newspaper.

Government authorities have told the IMF that the reasons for its noncompliance were fundamentally the damages from the drought and the delay in privatizing Telcor, which has hindered the disbursement of further funds. The IMF has insisted that the government privatize Telcor, Petronic [Nicaraguan Petroleum Enterprise], and INC [Nicaraguan Coffee Institute] and solve the property problem. Moreover, the government promised to cut spending but seems to have done exactly the opposite. This has irritated the IMF experts.

Another of the concerns expressed by the IMF mission is the real exchange rate. They have recommended accelerating the slide of the cordoba with respect to the dollar or a devaluation. However, Somarriba stated to LA TRIBUNA that this is "false." Somarriba explained, "The IMF has not recommended anything like that to us."

At the news conference, Somarriba said that next year's budget will remain at the level of this year's, estimated at 1.9 billion cordobas. She also said that the Army's share, estimated at 30 million cordobas, will remain the same, and added that in the coming weeks there will be meetings with that sector to define that share. Somarriba also denied that the government will increase its spending with the elections process, and added that it has foreign funds for that, but she did not specify them further.

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Panama

Business Association President Supports Antitrust Law

PA2409185895 Panama City LA PRENSA in Spanish 23 Sep 95 p 4A

[Report by Hermes Sucre Serrano]

[FBIS Translated Text] Ricardo Ortega, president of the Panamanian Association of Business Executives (APEDE), has asserted that, although it hurts powerful sectors, the approval of the antitrust law is indispensable for Panama to enter the WTO.

"I am totally in accord with a law that prohibits disloyal competition, monopoly, oligopoly, and dumping [previous word in English]," he highlighted.

Ortega also observed that the executive has sent the draft bill to the business organizations for them to make their suggestions because, in the end, the private sector is the one that will be affected by this law.

"We admit that the law will hurt personal interests but it has to be viewed objectively and with a view to the future as its benefits will be for all Panamanians and not for a specific sector," he added.

Ortega said that APEDE has appointed three commissions to present a number of recommendations to improve the bill to the executive branch and the Legislative Assembly.

The business leader recalled that the approval of the antitrust law is an important requirement for Panama to enter the WTO.

Ortega warned that if this law is not approved, Panama will have to overcome another snag to enter the international commercial organization.

The APEDE president noted that this law was studied during the past administration of President Guillermo Endara but was never presented to the Legislative Assembly.

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Argentina

Di Tella: UK Oil Accord Signing 'Very Important Event'

PY2509161695 Buenos Aires TELAM in Spanish 1938 GMT 24 Sep 95

[FBIS Translated Text] New York, 24 Sep (TELAM-SNI) — Foreign Minister Guido Di Tella stressed today that the agreement that will be signed on 27 September between Argentina and Great Britain on the exploitation of oil in the Malvinas Islands will be a very important event within the framework of bilateral relations concerning the South Atlantic.

"The signing of the agreement will have a number of very important effects on Argentine-British relations regarding the South Atlantic," Di Tella stressed in an interview that he granted to TELAM in New York.

The minister also said that a meeting between President Carlos Menem and British Prime Minister John Major "has not yet been set," but he maintained that "it can certainly come about" as part of the evolution of relations between the two countries.

Di Tella noted that the topic of the future meeting "will be discussed on 27 September with British Foreign Minister Malcolm Rifkind."

The foreign minister today worked on the address that he will give on 26 September before the Security Council, and on the address that he will give on 27 September before the UN General Assembly.

Regarding the agreement, Di Tella said that the importance for Argentina is that as of now it will jointly exploit oil with the British in a 20,000 sq km zone that "includes sectors to which we have never had access," and that this fact "must be well taken into account."

Regarding the repercussions that the agreement could have in the relations between the two countries, Di Tella said: "The truth is that I am limiting myself to not exaggerating in any of my statements in view of the sensibility of the other party."

The foreign minister also stated that "a joint commission will be created" to "monitor" contentious areas, and an exchange of information and supervision will be provided for.

He indicated that after the signing of the agreement, Argentina will release a unilateral declaration and a round of activities will emerge, and he believes that the British Government will do the same.

In this respect, he explained that "in our declaration we will inform the enterprises that wish to exploit oil that they will have to pay a royalty of 3 percent of the volume of oil that is extracted and that they will also have access to the coasts."

Di Tella said that "we are not going to acknowledge the British declaration, as they will not acknowledge ours," and he expressed the belief that it is "probable" the British will try to "establish" a set of rules and regulations for licensing and exploitation with the payment of a 9 percent royalty.

Senator Menem: Regaining Malvinas Sovereignty 'Feasible'

PY2509173695 Buenos Aires TELAM in Spanish 1440 GMT 24 Sep 95

[FBIS Translated Text] Buenos Aires, 24 Sep (TELAM) — Senate Provisional President Eduardo Menem has remarked that it is feasible to regain sovereignty over the Malvinas Islands. He announced that new agreements might be worked out with the United Kingdom.

Alluding to President Carlos Menem's assertion that Argentina will have regained sovereignty over the Malvinas Islands by the year 2000, Senator Menem stressed: "It is increasingly viable" that Argentina will once again exercise sovereignty over those islands.

In a lengthy report published in today's issue of the daily LA PRENSA, Senator Menem also voiced his doubts about the existence of oil in the Malvinas Islands' waters and challenged Dante Caputo's [former foreign minister under Raul Alfonsin and former UN, OAS mediator in Haiti] criticism of the agreement with the British. Caputo is now a member of the Frepaso [Front for a Country in Solidarity].

Commenting on the policy of "seduction" pursued by Foreign Minister Guido Di Tella vis-a-vis the Malvinas Islands inhabitants, Senator Menem underscored that "it contributed to creating a propitious atmosphere that enabled us to hammer out an agreement now and possibly others in the future."

With regard to the existence of oil in the Malvinas Islands, the Senate provisional president said that although "there are possibilities," "the amount" of hydrocarbons existing there "is still not known"; it is also not known "whether their exploitation is cost-effective."

He added that only when the corresponding studies are concluded "in four or five years will we know whether the tapping of oil is cost-effective."

Senator Menem was of the opinion that the bill to impose sanctions on oil companies that prospect for oil in that area without Argentine authorization "played a decisive role."

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The Senate provisional president emphasized: "Argentina's firm-set will to prevent being bypassed on oil matters has, therefore, been clearly established."

Concerning criticism leveled by opposition sectors, which claim that in signing the agreement Argentina is ceding its royalties to the British, Senator Menem explained that "half of the area is under dispute and we cannot enter it; this is why both countries are allowed to operate in that area."

Changing the subject, Senator Menem said that Caputo's argument that the agreement would imply a recognition of the United Kingdom's sovereignty over the Malvinas Islands "is to be understood from the viewpoint of his new militancy in the Frepaso, which criticizes everything the Menem administration does."

Bolivia

Bolivian, Paraguayan Leaders Discuss Gas Pipeline Project

PY2509234195 Madrid EFE in Spanish 0041 GMT 24 Sep 95

[FBIS Translated Text] Santa Cruz (Bolivia), 23 Sep (EFE) — Paraguayan President Juan Carlos Wasmosy announced in Santa Cruz today that Bolivia would supply gas to Paraguay through a gas pipeline that would link the two countries and which would also benefit various Brazilian states.

The Paraguayan president arrived in Bolivia today on a three-day visit. During his visit, Wasmosy will participate in ceremonies on 24 September to mark the 185th anniversary of the eastern Santa Cruz Department (Province), which lies on the Paraguayan border, and will meet his Bolivian counterpart, Gonzalo Sanchez de Lozada.

The Brazilian states of Parana, Santa Catarina, and Rio Grande do Sul, along with Paraguay, will endeavor to achieve the construction of a gas pipeline linking Bolivia with Asuncion, to secure the supply of Bolivian gas that would initially be exported to Brazil alone.

Therefore, the Parana governorship authorized Wasmosy to conduct negotiations with his Brazilian counterpart, Fernando Henrique Cardoso, and Gonzalo Sanchez de Lozada, who have already signed an agreement on the construction of a gas pipeline, linking Santa Cruz (Bolivia) with Sao Paulo (Brazil).

This information was confirmed by the Paraguayan president when he arrived today at the Viru Viru International Airport in this Bolivian city. In Santa Cruz, the Paraguayan president and President Sanchez de Lozada will have a busy agenda until 25 September. Wasmosy, who was met by acting Bolivian Foreign Minister Eduardo Trigo, is accompanied by Agriculture Minister Arsenio Vasconsellos, Industry Minister Ubaldo Scavone, Integration Minister Hugo Saguier, Political Affairs Adviser Ruben Melgarejo, and Paraguayan Ambassador to Bolivia Julia Velilla Laconich.

Wasmosy said: "The Parana governor has authorized me to hold talks with the presidents of Bolivia and Brazil on the necessity of constructing a gas pipeline, linking Santa Cruz with Asuncion, and an extension, linking the Paraguayan capital with Ciudad del Este [on Paraguay's border with Brazil]."

The Paraguayan president noted that the construction of a gas pipeline, linking Bolivia with Paraguay, not only arouses the interest of Paraguay, but also that of the southern Brazilian states that are afraid of not receiving the gas that Brazil would import from Bolivia.

Wasmosy added: "The Brazilian states of Parana, Santa Catarina, and Rio Grande do Sul are afraid of the possibility that, as the approved gas pipeline goes through Sao Paulo first, Sao Paulo State would finally consume all the Bolivian gas, in keeping with the high demand of the Sao Paulo industrial and entrepreneurial sectors."

During a meeting scheduled for 24 September at the hotel where the two presidents are staying, Sanchez de Lozada and Wasmosy will again discuss the possibility of implementing Bolivian gas sales to Paraguay.

Sanchez de Lozada will acquaint Wasmosy with the latest survey on available reserves and possible gas sales to Paraguay that has been drawn up by experts from the Bolivian Government Oil Deposits.

In addition to the gas issue, Sanchez de Lozada and Wasmosy will discuss the Paraguay-Parana Waterway project, the Transchaco Highway project, the construction of a binational city in Hito Villazon, and joint drug enforcement.

Brazil

Lampreia Reproaches U.S. on Trade Imbalance

PY2509200895 Rio de Janeiro O GLOBO in Portuguese 23 Sep 95 p 24

[Report by Jose Meirelles Passos]

[FBIS Translated Text] Washington — The Brazilian Government has complained about a lack of U.S. reciprocity in its bilateral trade with Brazil. While Brazil is now purchasing more U.S. products, the Americans

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have reduced their purchases of Brazilian products. During a meeting with U.S. Trade Representative Mickey Kantor, Foreign Minister Luiz Felipe Lampreia yesterday said that this fact "posed a threat to the success of the economic stabilization program."

Kantor and Lampreia met for another bilateral trade review.

Addressing the Brazil-U.S. Business Council at the U.S. Chamber of Commerce, Lampreia called for a greater U.S. opening.

Lampreia said: The Brazilian trade opening measures have been of such magnitude that they generated a rise in imports that made it difficult to curb the trade balance deficit and, consequently, the deficit in current transactions, a situation that has gone as far as posing a threat to the success of the economic stabilization program.

Citing figures of the U.S. Department of Commerce, Lampreia said that Brazilian imports of U.S. products increased by 70.6 percent from June 1994 to June 1995. By contrast, he said, the United States reduced by 2.9 percent its purchases of Brazilian products.

The gap widens if one takes into account the past 10 years: U.S. imports of Brazilian products increased by only 17 percent between 1985 and 1995, while Brazilian purchases of U.S. products increased by 117 percent during the same period.

Lampreia said: These figures seem to indicate that Brazil has reached a level of access to the U.S. market that it will be very difficult to surpass if the U.S. terms of trade are not changed.

The U.S. answer will not be known until early November when the two countries are expected to issue a joint communique containing concrete recommendations in this regard.

Lampreia: UN Security Council Reform 'Imperative'

PY2609032495 Madrid EFE in Spanish 1516 GMT 25 Sep 95

[FBIS Translated Text] United Nations, 25 Sep (EFE) — The Brazilian representative said today at the opening of the 50th UN General Assembly debate that reforms to make the UN Security Council more representative and in line with the realities of the "post cold war" period is "imperative and can no longer be postponed."

Tacitly referring to his country's aspiration to occupy a permanent seat on the Security Council, Brazilian Foreign Minister Luiz Felipe Lampreia emphasized that "Brazil is ready to take all of its responsibilities" in this forum.

A "qualitative" increase in the number of permanent members of the Council, together with an increasing number of non-permanent members would give the Council more authority and effectiveness to comply with the increasingly serious responsibilities of "post cold war" times, he said.

The UN Security Council must have "unquestionable legitimacy," and this depends on its "representation," he insisted.

By clearly rejecting those who support the idea of limiting the number of new permanent members of the Council to Japan and Germany — the two countries that were defeated in World War II — Lampreia spoke against an "insufficient" expansion of the Security Council based on the convenience of only a few governments.

Lampreia pointed out that it will be "essential" to ensure a more equitable representation of industrialized and developing countries that have the capacity to act and that have an effective international presence. He then commented on the political, democratic, and economic achievements of his country and its participation in UN peacekeeping operations.

Among the attempts to reform the United Nations on its 50th anniversary, the reform of the omnipotent UN Security Council is probably the most controversial, and two years of negotiations have not resulted in any consensus in this regard.

Lampreia also emphasized that peace and development in the next few years will depend very much on "our capacity to reform and renew the United Nations."

Lampreia said that the same attention should be given to an improvement in the United Nation's performance in establishing peace and security and to efforts to reform international cooperation in development.

He added that high priority must be given to the solution of problems related to poverty and unemployment in industrialized countries as well as in developing ones. Special attention must also be given to economic instability, mistaken economic policies, and the continually increasing "variety in types of protectionism" that negatively affect sustained international growth.

"Unemployment cannot be used as an excuse" for the establishment of protectionist rules against developing countries. It is useless to try to solve the unemployment problem by "accusing other countries and establishing new types of disguised protectionism," in addition

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to creating new tensions in international relations, Lampreia pointed out.

The Brazilian minister clearly referred to the Mexican crisis and its so-called "Tequila effect," and warned that the volatility of international capital flows, as well as speculation, "threaten" all markets world-wide.

The emerging economies — which try to consolidate their stability and resume growth while having to deal with problems such as interest rates and the prices of basic goods — have become increasingly more vulnerable, Lampreia said.

The Brazilian foreign minister also criticized two countries, the PRC and France — without mentioning their names — for resuming nuclear tests.

Argentine Defense Minister Views New Military Role

PY2509184895 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Sep 95 p A26

[Interview with Argentine Foreign Minister Oscar Camilion by Ariel Palacios in Buenos Aires; date not given]

[FBIS Translated Text] [Palacios] The cutback to be implemented in the defense budget will reach unprecedented levels. The military, those inveterate grumblers, must surely be more disgruntled than ever at this ...

[Camilion] No. The budget cut is temporary and unique. It will not be repeated next year. We simply cannot operate with insufficient personnel, which will have to be reduced this year as a one-off measure. Things will undoubtedly start improving.

[Palacios] Will the Armies of Mercosur [Common Market of the South] seek integration?

[Camilion] Long before Mercosur saw the light of day, there was intense bilateral cooperation between Brazil and Argentina. There have been courses and exchanges between military schools, joint maneuvers between our Navies... like Operation Brotherhood, which has been going on since the time of the Itaipu crisis. It is a magnificent operation involving the Minas Gerais aircraft carrier and Argentine planes. As our aircraft carrier is being overhauled and the Brazilian carrier does not have any fighters on board, our aircraft use it as a base for landing and taking off. There are few places in the world where this has occurred. Brazilian officers are participating in our peacekeeping mission in Cyprus and there are Argentine officers in the Brazilian mission in Angola.

[Palacios] Would the integration of Mercosur member countries' Armed Forces be similar to that of the EU?

[Camilion] Mercosur is in the process of being consolidated. Economic integration follows institutional integration. Security matters come later. States consider this subject as individual...

[Palacios] So systems designed for offensives no longer have a place in South America?

[Camilion] Outlays in defense in the region will grow at a slower pace than GDP. They will remain unchanged with regard to other nonmilitary state expenditures because the situation of the Armed Forces through the region has improved. There are no longer domestic or border conflicts, and the defense budget must adapt to this new reality. There are undoubtedly new objectives, like the fight against drug trafficking, but the system must act as a deterrent so as to head off possible dangers. In Latin America, systems are basically defensive, which entails a less numerous, but more professional and technologically equipped Armed Forces within the possibilities of each country.

[Palacios] You recently stated that a conflict with Chile may loom up.

[Camilion] We have a transitory diplomatic conflict with Chile that is still pending. Relations between Argentina and Chile are totally different at present. They bear no comparison whatsoever with past times of crisis. Chile has invested billions of dollars in Argentina. The public utility company that supplies electricity to Buenos Aires is controlled by Chilean investors. Economic integration — even if it is not comparable to Mercosur — has expanded compared with 20 years ago. Bilateral relations are most harmonious.

[Palacios] What are the possibilities of an armed conflict with Brazil?

[Camilion] At present? None.

[Palacios] Is it impossible for two democracies to be entangled in a war?

[Camilion] In general yes, yet the two armed conflicts that broke out in the region were between Peru and Ecuador — two countries ruled by civilian governments — in 1981 and again not long ago (at the beginning of the year.) That is the exception which proves the rule. This notwithstanding, there is no doubt whatsoever that democratic governments make it possible to have a sense of peace. Sometimes a conflict erupts because of confusion or insecurity rather than a clash of interests. There is at present greater interaction between politicians from different countries. There is ongoing contact between members of the Argentine Senate Defense Committee and its Brazilian counterparts. This enables one to feel a genuine sense of security.

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[Palacios] Argentina is actively involved in international missions. It participated, on the side of the Allies, in the Persian Gulf war and in Haiti. What is your opinion, Mr. Camilion, of Brazil's propensity to hesitate and remain on the sidelines of international matters?

[Camilion] We have participated in 15 UN Peacekeeping Missions. Some 30 percent of Argentine officers and noncommissioned officers have been to [the former] Yugoslavia. We deemed that an about-turn in government policy was necessary. Unlike Brazil, Argentina did not participate in the two world wars. Moreover, we were actively involved in the non-aligned movement. Brazil participated in the invasion of the Dominican Republic, but while continuing to be a traditional ally of the United States, Brazil distanced itself from its northern neighbor in 1970's. Argentine policy changed because it was anachronistic.

[Palacios] Argentina scrapped its nuclear program for military purposes while Brazil continues to develop an nuclear-powered submarine. Do you not feel outstripped by the Brazilians?

[Camilion] We, in Argentina, are following the development of the Brazilian submarine. This is a new strategic event in South America. We do not consider it to be a threat; a nuclear-powered propulsion system is not a weapon.

Cardoso Addresses Governors, Stresses Importance of Reforms

PY2609034095 Sao Paulo AGENCIA ESTADO in Portuguese 0052 GMT 25 Sep 95

[By Claudia Carneiro and Ribamar Oliveira]

[FBIS Translated Text] Brasilia, 25 Sep (AE) — After six hours of intense conversations, President Fernando Henrique Cardoso and the 27 governors, who met at Alvorada Palace today, signed a "Pact on Reforms," which was summarized in a five-point note. The note states that, in exchange for the governors' efforts to have their blocs approve the administrative, tax, and social security reforms and the extension of the Social Emergency Fund (FSE), the federal government will help put state accounts into better shape. The governors' support for the FSE was guaranteed thanks to Cardoso's promise that states will not sustain any losses. "There is no alternative other than the FSE," the president said, explaining that the four years of additional operation of the fund — which the government has requested — is the period that will be necessary for completion of the tax reform. The pact was commemorated with a champagne cocktail party.

"The pact has common objectives, but the government also wants to address specific issues that are causing financial difficulties for state governments," presidential spokesman Sergio Amaral said. He did not conceal the link that the president established between the reforms and the resolution of state debt problems. "The president proposed that the governors give a hand to the federal government so that the country can take a leap toward development, in order to avoid wasting the opportunity that emerged with economic stability," he added.

The president's message was summarized in one sentence that the president repeated several times during the meeting: "We cannot think of stopping the reforms or limiting the FSE." The president noted that the reforms must be implemented quickly because "employment cannot wait" and because "land reform must be expanded." The president differentiated between administrative and tax reform. In his opinion, tax reform is important, but administrative reform "is essential." In his speech, Cardoso said that "we cannot agree to the demands from people who want their salaries to be higher than that of the president."

He gave the governors two reports: One of them explaining the administrative reform and the other one emphasizing the importance of the FSE for balancing public accounts and, especially, guaranteeing that the extension of the FSE will have no impact on state and municipal government revenues. The president said that the FSE must exist until the administrative reform is approved. "Without the FSE, next year we will have a deficit of 3.8 billion reals [R]," he warned. "There will be no third option, but just two: Either investment is cut or we will have a deficit, and this calls for cutting funds for programs in housing, health, and other areas." The president explained that the transfer of Participation Funds of State and Municipal Governments has grown by 30 percent this year, and that next year they will grow by R2.3 billion, because of the changes introduced in the income tax paid by corporations.

Cardoso also mentioned the possibility of supporting northeastern state governors through the "Pact on Reforms" by saying, during the meeting, that there is "a serious regional problem, which some people prefer to refer to as a federal problem, and which must be resolved." The president said that the government "does not yet have a very clear" idea on this topic. However, he asked northeastern state governors to make suggestions and to define their priorities. He recalled, however, that the federal government no longer has the funds it had before the 1988 Constitution.

In his speech to the governors at the beginning of the meeting, Fernando Henrique Cardoso admitted the

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"existence of financial difficulties" in the states, noting that "their revenues are being strongly affected." The president, however, noted that reducing from 11 to 9 percent the use of net state revenues for repaying the debts, which have already been renegotiated with the federal government, will not resolve the situation. "Those debts have already been rescheduled over a 20-year period, and with an interest rate — in real terms — of 6.5 percent a year," Sergio Amaral explained.

In the opinion of the president, what has to be reduced "is the suffocation caused by the new bank debts, the ARO's (Advance on Budget Revenues), and the domestic debt." Cardoso told the governors that he ordered Finance Minister Pedro Malan to fund "formulas that can more favorably resolve such debts." Those negotiations, Amaral said, will be made "on a case-by-case basis." There is a reason for this position. "The debt profile changes from state to state," he explained.

Cardoso, Governors Sign Pact on Reforms

PY2609020295 Sao Paulo AGENCIA ESTADO in Portuguese 0013 GMT 26 Sep 95

[FBIS Translated Text] Brasilia, 25 Sep (AE) — Herewith is the text of a note released by the government upon conclusion of a meeting that President Fernando Henrique Cardoso held with the Brazilian state governors:

"Pact On Reforms

The 2d Meeting of Governors and the President was held at Alvorada Palace. The following "Pact on Reforms" was approved:

1 — The participants agreed on the urgency and the need for the constitutional reforms, especially administrative reform, which is considered an essential precondition for balancing public accounts. The same thing applies to the social security reform.

2 — The governors also expressed their support to the tax reform initiative, despite the fact that some of its technical aspects call for further discussion and decisions, particularly as it refers to the impartial redistribution of revenues and the compensation for losses.

3 — The participants supported the approval of the Social Emergency Fund [FSE] project, because it is an essential instrument for consolidating the Real, while the main topics of the fiscal reform are not yet approved. This position is based on the idea that the FSE will not entail a reduction in fund transfers to state and municipal governments.

4 — The state governors and the federal government promised to make a joint effort to balance the public accounts of states, in order to reach a position of fiscal balance.

5 — The president and the governors reiterated their commitment to simultaneously implement the reforms, with the guarantee that people will be given appropriate living conditions and — above all — with the objective of correcting the serious social injustices in the country.

[dated] Brasilia, 25 September 1995."

Governor Covas on 'More Daring' Reform

PY2509142295 Rio de Janeiro O GLOBO in Portuguese 19 Sep 95 p 3

[Article by Jose Luiz Longo]

[FBIS Translated Text] Sao Paulo — Sao Paulo Governor Mario Covas wants a more daring administrative reform than the one presented by Federal Administration Minister Luiz Carlos Bresser Pereira. He told Justice Minister Nelson Jobim this at Bandeirantes Palace on the morning of 19 September. Jobim is visiting all the states to present the federal government proposals for the constitutional reforms, specially the tax and administrative reforms. The objective is to prepare the meeting the governors will have with President Fernando Henrique Cardoso on 25 September.

The Sao Paulo governor said: I think the proposal is rather timid. An administrative reform is much more than just changing the rules on job seniority, or modifying the criteria used to fire public employees. We need a new model to really redesign the role of the administration.

Covas added that the governors and mayors with whom he has spoken believe the administrative reform is the most important reform the Congress has yet to vote on. This is why, despite controversies, the government must give it priority. Covas believes that without a radical administrative reform, the chronic debt problem affecting the states and counties will never be resolved because they always have serious imbalances resulting from their payrolls.

Deputy Jose Anibal, the Brazilian Social Democracy Party leader at the Chamber of Deputies who dined with Covas at Bandeirantes Palace on 15 September, told O GLOBO that the government will insist on an administrative reform to standardize the salary policy for public employees of the three government branches. The idea is to make the federal government responsible for approving adjustments to the salaries of executive, legislative, and judicial branch employees. The salary

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of the president, who has the main official position in the Republic, functions as the ceiling for this policy.

Anibal explained: We must create a single salary policy because this is one of the main sources of imbalance in the state government accounts. The administrative reform will promote a standardization.

Regarding the tax reform, Covas told Jobim that the governors will support the federal government's proposal if the government guarantees that the states will be compensated for possible losses in their revenues following the changes to be implemented in the Goods and Services Movement Tax rules, like the one on exports.

Debate on Reelection Splits Cardoso's Advisers

PY2509175595 Rio de Janeiro JORNAL DO BRASIL in Portuguese 21 Sep 95 p 5

[Article by Carmen Kozak and Ilmar Franco from Brasilia]

[FBIS Translated Text] President Fernando Henrique Cardoso has begun to discuss his own reelection, something he had told his friends and allies not to do until the end of August. Before leaving for Europe, he talked about the constitutional amendment allowing reelections with two ministers and a bloc leader in Congress. During this initial talk, the president wanted to know whether the debate about reelection should begin this year or be postponed until 1997. The allied parties will launch actions to get the amendment approved only if the president authorizes them to do so.

Should Cardoso chose the 1995 option, he must give Deputy Mendoza Filho (PFL-PE) [Liberal Front Party-Pernambuco State] the green light to start pushing his amendment before early October, and the president knows this very well. The support of current mayors would be the main propellant of the amendment, because they are interested in getting reelected in 1996. The amendment will apply only if approved before the party conventions are due to begin in April 1996.

The president's advisers are split on this issue. One of the groups believes that the debate on reelection should be delayed until 1997. One of these ministers-advisers believes that reelection can be debated and approved only at the end of a successful administration. The second group, which has a lot more pull in Congress, feels that reelection can be approved only this year, or not at all.

This reasoning is based on several factors. The strongest argument is that reelection is of interest to many Brazilian key politicians who would vote against it if the debate were to be postponed until 1997. This is particularly the case with Sao Paulo Mayor Paulo Maluf (PPB) [Brazilian People's Party] and Congress President Senator Jose Sarney (PMDB) [Brazilian Democratic Movement Party]. Both are strong presidential hopefuls for 1998. The latter group of presidential advisers believes that, regardless of whether the Cardoso administration is a success, Maluf and Sarney will join forces in 1997 to scuttle reelection because they will be thinking of their own bids.

This situation will not apply if the debate on reelections is held this year. The presidential hopefuls will be unlikely to antagonize their own electoral support; namely, the mayors. Furthermore, the PMDB and the PPB are betting heavily on municipal elections scheduled for 1996. Once the results of these elections are known, the parties will start assembling alliances for the 1998 elections for president, chamber of deputies, senate, state governors, and state legislative assemblies.

The minority group that advocates postponing the debate on reelections until 1997 has its own arguments. One of the advisers believes that to start discussing reelection at this point would be the final straw that will split the administration's majority in Congress. This minister believes that the reelection issue would further worsen the relations between Fernando Henrique Cardoso's PSDB and the other parties.

One of these parties is the PFL, which has a political project — called PFL 2000 — aimed at ruling the country by the end of the century. The PFL has several presidential hopefuls: Vice President Marco Maciel and Chamber of Deputies President Luis Eduardo Magalhaes (BA) [Bahia State]. Because of this, Maciel and Magalhaes avoid the issue.

The vice president has always been against the reelection. Magalhaes is in favor of it, but he does not want to discuss it because he is the president of the Chamber of Deputies. PFL politicians stated that any action he may take regarding Mendoca Filho's amendment may be interpreted as seeking personal gain. Therefore, the reelection amendment — the first amendment submitted to Congress this year — is cooling its heels in the Constitution and Justice Committee of the Chamber of Deputies.

Deputy Joao Almeida (PMDB-BA) has announced that the Political Reforms Committee will start working again in October to analyze the amendment that seeks President Fernando Henrique Cardoso's reelection. The leaders of all parties will be called for a meeting to discuss "whether to vote on the reelection issue right now" or to postpone the whole thing until 1997. Inocencio de Oliveira, leader of the PFL bloc in the Chamber of Deputies, advocates postponing the discussion of the issue.

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Cardoso Authorizes Launching of Brasilsat-3

PY2509175795 Sao Paulo GAZETA MERCANTIL in Portuguese 14 Sep 95 p A6

[Article by Eliane Cantanhede and Isabel Versiani in Brasilia]

[FBIS Translated Text] Communications Minister Sergio Motta will announce on 15 September, during a ceremony to celebrate the 30th anniversary of Embratel [Brazilian Telecommunications Company], that President Fernando Henrique Cardoso has authorized the launching of the state-owned company's Brasilsat-3. Motta believes there will soon be a "real market war" in the area of satellites and warns that he will demand reciprocity from countries that have channels in Brazil. On 13 September, Motta told GAZETA MERCANTIL: "I want transmissions on the 'C' band in the United States."

He added, however, that Brasilsat-3 will be entirely restricted to the terms of the financing contract, which includes only bands with "A", "C," and "E" frequencies. [sentence as published] This means the "Ku" band, which has frequencies more suitable for cable TV and cellular telephones, is left aside. He said: "Market demand in this area is fierce," regretting that these bands cannot be included in the negotiations due to contract restrictions.

The minister explained that he decided to advance the news in light of Embratel's anniversary. He added that this does not mean the schedule for publicly announcing the overall policy for geo-stationary satellites and those of low and middle orbit has been modified. He asserted: "President Cardoso will support and announce this policy as soon as he returns from Belgium and Germany."

By establishing the rules for geo-stationary satellites, the government plans to definitively consolidate the use of the Alcantara launching base in Maranhao State. Low- and middle-orbit satellites will be used for mobile systems like cellular telephones.

Motta summarized the spirit of the new government rules: "All satellite services are public, even the large fiber-optic cable systems, but they are not necessarily owned by the government. He said the government will be very strict in granting licenses for satellite services and added that new licenses will replace the current ones, which have "failed miserably."

Motta explained: "Anyone who asks for a channel will get one. In Brazil, there will be no more cases where one institution prevents another from accessing satellite services. Once the norms are announced, they will be implemented through tenders — which will be issued by the Communications Ministry.

The minister warned: "There will be a market war, there will be serious disputes." He is already working on the rules to be used for granting licenses to foreign satellites. He warned that he his plans are ambitious.

The communications minister said: "I want "C" band transmissions to the United States because we know there is a good market there. As we homolgate foreign satellite enterprises, we will demand reciprocity." He explained that enterprises that purchase satellite channels must also have a concession to render the service, "because Brazil is no longer an unruly household."

Thus contracts signed in Brazil will be like a counterpart contract signed in the country of origin of the concessionary enterprise. He said: "This is not xenophobia, it is pragmatism."

Acting President Overlooks Political Parties Law Agreement

PY2509180495 Rio de Janeiro O GLOBO in Portuguese 21 Sep 95 p 5

[FBIS Translated Text] Brasilia — By approving the political parties law without vetoing the so-called barrier clause, Acting President Marco Maciel has failed to honor an agreement Justice Minister Nelson Jobim made with Congress. This has irritated small parties and even surprised government allies. Jobim had assured Chamber of Deputies President Luiz Eduardo Magalhaes (PFL-BA) [Liberal Front Party-Bahia] that the government would veto the clause on the grounds that it was unconstitutional. The clause states that parties that do not obtain at least 5 percent of valid votes throughout the country in at least nine states, and at least 2 percent in all other states, may not be represented in Congress.

Magalhaes said on 20 September: "I must confirm what I heard Minister Nelson Jobim say. He told me, and he knew I would make it public, about the intention to veto that clause." He said this in response to Deputy Aldo Rebello (SP [Sao Paulo], of the PC do B [Communist Party of Brazil], who criticized Maciel's attitude.

Small parties, the ones most badly affected by the clause, immediately mobilized to take action before the Federal Supreme Court, requesting that the law be declared unconstitutional. The parties claim that the clause opposes the constitutional principle of freedom of organization. The request will be submitted by the PC do B, the PPS [Popular Socialist Party], the PV [Green Party], the PL [Liberal Party], and the PSB [Brazilian Socialist Party]. The PDT [Democratic Labor Party] will support it. Deputy Aldo Rebello said that deputies elected for parties that fail to meet the legal requirements may not be installed. This opinion is shared by

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Deputy Fernando Lyra (PSB) (PE) [Pernambuco], who is a former justice minister.

"This was foolish. They believe in siren songs, in an agreement which, as I said, has never actually existed," says Deputy Joao Almeida (PMDB) [Brazilian Democratic Movement Party] (BA), the rapporteur of the political parties law.

Almeida said these deputies may be installed, but their parties may not have access to the party fund or to the free political propaganda space. Furthermore, the party may not have a leader in Congress and may not designate members to committees, organs, or congressional missions.

Almeida said: "Those deputies would remain outside everything to do with party designations. They would operate as if they had no party."

Disagreements Over Patent Bill in Senate Reported

PY2609011595 Sao Paulo GAZETA MERCANTIL in Portuguese 20 Sep 95 p A9

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] Commercial and economic interests of the magnitude of the Brazilian pharmaceutical market — the world's 8th largest pharmaceutical market — are behind the patent bill. The Senate Economic Affairs Committee (CAE) on 19 September once again postponed voting on the bill because of lack of quorum and because of misunderstandings within the PMDB [Brazilian Democratic Movement Party]. The two rapporteurs of the bill, Ney Suassuna (Paraiba) and Fernando Bezerra (Rio Grande do Norte), are PMDB members.

Gianni Franco Samaja, president of the Sao Paulo Trade Union of Pharmaceutical Industrial Enterprises, has said that Brazilian pharmaceutical industry sales should reach $6.2 billion this year. Omilton Visconde, president of the Brazilian Biosintetica Laboratory, has said that — according to estimates — at the end of the century Brazil will be in the fifth place in the pharmaceutical "ranking," a position that is currently held by Italy.

For one thing, foreign laboratories do not want local laboratories to copy their products, for which they want patents. For another, Brazilian industrial enterprises have agreed to the terms of the Trade-Related Intellectual Property Rights [TRIPS] agreement of the WTO, which provides for protection of patents for chemical, pharmaceutical, and food products. Yet Brazilian enterprises want to make use of the advantages granted by the WTO, that is, a transition period of up to five years. That is an important deadline, Samaja said, to allow local enterprises to make research investment, something that was never done before.

In Congress, Interfarma defends the interest of multinational laboratories. Interfarma criticized the report by Ney Suassuna and proposed modifications to Fernando Bezerra's report, especially in connection with the "pipeline," parallel imports, and compulsory licenses. Interfarma wants the bill to include the "pipeline," which is a protection mechanism for patents that have been issued in other countries, and whose products are still being developed by laboratories. Yet Interfarma wants a total "pipeline," that is, the protection should also include products that are not yet being sold on the Brazilian market.

Multinational laboratories account for 85 percent of the Brazilian market, or for 75 percent, if the Ache, Biolab, Prodome, and Schering-Plug groups, part of whose stock is owned by foreigners, are considered national enterprises.

The "pipeline" is the main cause of a disagreement between Senator Suassuna — who did not include this mechanism in the Constitution and Justice Committee report, in line with TRIPS terms — and Fernando Bezerra, who wrote the CAE report in line with the interest of the ministries of Science and Technology and Foreign Affairs, which advocate inclusion of the "pipeline" and patent protection for microorganisms. The Ministry of Industry, Commerce, and Tourism is more favorable to Suassuna's report.

The Senate is unlikely to approve the "pipeline," because there is internal resistance against the pipeline even among senators of the Brazilian Social Democracy Party and the Liberal Front Party, which are parties that support the government. Omilton Visconde believes that Brazil should not adopt the "pipeline," because Brazilian laboratories would have to pay "royalties" on products that were put on the market seven or eight years ago.

Early last night, The PMDB bloc in the Senate met in an effort to reach an agreement between Suassuna and Bezerra, who during the morning left the CAE meeting, dissatisfied with the fact that the senators of his party had decided to support his colleague's report without giving him a chance to describe his own position. Suassuna will ask for urgent treatment of the patent bill at today's regular Senate session. Suassuna accounts for 90 percent of the 123 observations to the bill.

The "lobby" of national laboratories in Congress is made up of the Farmaetica movement — which includes enterprises accounting for approximately 12 percent of the sector's sales; of the Association of National Laboratories (Alanac); of the Brazilian Society for the

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Promotion of Science; and of research institutions like the Brazilian Society of Genetics. All of them support Suassuna's report.

Senate Committee Hopes To Vote on Patents Bill 26 Sep

PY2609012495 Sao Paulo AGENCIA ESTADO in Portuguese 2348 GMT 25 Sep 95

[By Milton F. da Rocha Filho]

[FBIS Translated Text] Sao Paulo, 25 Sep (AE) — If allowed by the Senate conservative wing, the Senate Economic Affairs Committee (CAE) on 26 September will vote on the patents bill. On the two previous attempts, Senate Ney Suassuna (PMDB-PB) [Brazilian Democratic Movement Party-Paraiba] managed to impede the voting, with the help of Workers Party senators Lauro Campos, Eduardo Suplicy, and Jose Eduardo Dutra.

PMDB Senator for Parana Roberto Requiao, who is not even a CAE member, presided over one of the meetings, showing his opposition to the proposal of rapporteur Fernando Bezerra (PMDB) (Rio Grande do Norte).

Senator Fernando Bezerra's proposal is actually that of the government's, with very few modifications. Senator Suassuna, who inherited the duties of rapporteur in the Constitution and Justice Committee [CCJ] — from former Senator and Governor Antonio Mariz, who died last week — wrote a proposal that has nothing to do with the CCJ. In fact, he analyzed other topics, which are of a more technical nature, instead of making an analysis on the admissibility of the project.

The government itself has not helped for the approval of the rapporteur's proposal. The opposition has even sponsored meetings with parents and scientists to undermine the rapporteur's proposal, which is more favorable to microorganism research and also to the pipeline. Just the same, a new attempt will be made tomorrow.

Minister Motta 'In Good Condition' After Heart Surgery

PY2509154095 Sao Paulo AGENCIA ESTADO in Portuguese 2322 GMT 24 Sep 95

[FBIS Translated Text] According to his doctors, Communications Minister Sergio Motta is today off the respirator, has consumed some soup and tea, has listened to classical music, and has conveyed his gratitude to the medical team for his treatment. On 23 September Motta underwent heart surgery to have three saphenous and one mammary bypasses installed. A medical bulletin issued late this afternoon notes that following the operation, which was performed at the Albert Einstein Hospital in Sao Paulo, Motta is "in good cardio-circulatory condition, and in excellent emotional and psychological spirits."

Cardiologist Bernardino Tranchesi Junior, who operated on Motta with heart surgeon Sergio de Oliveira, said that on 25 September Motta should be transferred from the intensive care unit to a semi-intensive care unit — a room with special care facilities, without telephone, radio, or TV, and where visitors are not permitted. Although off the respirator, Motta was today using an oxygen mask that he controlled himself.

Tranchesi today received a call from President Fernando Henrique Cardoso, who wanted to hear news about Motta's health. Tranchesi told the president that Motta still cannot receive visitors and advised him against coming to Sao Paulo to see him.

Sao Paulo Governor Mario Covas, with his Labor Secretary Walter Barelli and Deputy Jose Genoino (PT) [Workers Party], today came to the hospital to see Motta. They were met by Motta's relatives, but could not see him. Covas told reporters that when he had a similar operation he had felt sharp pains during the first few days after the operation.

Editorial Analyzes True Nature of Privatization

PY2509140495 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Sep 95 p A3

[From the "Notes and Information" page: "The Regulatory State"]

[FBIS Translated Text] Communications Minister Sergio Motta has finally said what practially everyone knew but never dared to say as clearly: The privatization of public services (telecommunications, petroleum, electricity, etc.) should be considered in terms of quotes. The idea is to grant concessions and permit the implementation of healthy, strict criteria, to transform these "uncontrolled houses" (a role played by previous governments, at least in Minister Motta's portfolio) into an "almost religious school." This miracle will be performed by President Fernando Henrique Cardoso, the "driving force" behind the minister's action. The objective is to "denationalize the state" (the state is supposed to have made public that which was used by each private sector to defend its own interest) and to implement the "Regulatory State," as a target of "our social-democratic government." Ambassador Celso Lafer must convince the WTO that the quotas and tariffs, against which industrialized countries have raised objections, have been imposed by our balance of payments and that, for this reason, they will be in force for a brief period. When

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he addresses a private German entrepreneurial seminar in Germany on the privatization program in Brazil, the president must explain the meaning of the "quotes" in a process that was presented to "major investors" as if it were a "privatization" process. German enterpreneurs have much more experince in the "regulatory state" than Brazilian social-democrats do.

One act by the communications minister must have seemed strange to many people — and to the PFL, which said nothing about the expression "our social—democratic government:" The minister tried to convince some senators who heard him praise the social-democratic "regulatory state," that in the United Sates and in other countries that are regarded as liberal, there are precedents of the regulation of sectors that are sometimes considered "strategic." This is not a good reference because it gives the impression that, to justify an action, it is always necessary to find supporting evidence in socioeconomic and political systems other than our own. There was one time when Albania was the "lighthouse" leading mankind, like the USSR, or the "Red Little Book of Comrade Mao." To "regulate" our economy, Minister Motta looked for examples in the United States. We must admit that this reflects progress in the democratic sense.

An impartial analysis of the Brazilian political situation leads us to the conclusion that the president will have no problem facing German — and possibly European — entrepreneurs who will attend the seminar. In the final analysis, when Minister Motta speaks of the "regulatory state," "privatization in quotes" and things like that, he will merely explain — which is why he says he is the tractor, whose driving force is the president — what Mr Fernando Henrique Cardoso has already hinted or made it clear on several occasions. No presidential speech has ever contained any announcement on the privatization of Telebras [Brazilian Telecommunications, Inc.], that is, that the private sector might happily assume control over the expansion and exploitation of telecommunication services. Now it is at least known that Telebras will operate like a type of privileged stockholder, the owner of a golden share. In the case of petroleum, those who expected changes either read no newspapers or are unable to read because the president swore that Petrobras [Brazilian Petroleum Corporation] would incur no political harm. Individuals can either form partnerships with the state-run company in sectors selected by the company, or take a chance in areas in which everyone knows there is not much to be done or very little to be earned. In the case of energy, it is not known how things will be done, let alone the role of Eletrobras [Brazilian Electric Power]. The administration of Fernando Henrique Cardoso will undoubtedly undertake some initiatives to attract private capital into the productive system. The government has not yet said, however, what would be done about electric power distribution in a country whose major generating networks are practically all interconnected.

The remarks by Minister Motta did not convey anything new, except for the explanation that the new development model seeks to regulate the economy. Brazil thus answered doubts that have affected socialists all over the world since the fall of the Soviet empire: "Will it be possible to reconcile 'the market' and 'socialism'"? The Brazilian social-democratic sector believes it is possible through the regulation of strategic sectors. These are the really important factors. In the other sectors, which have already been privatized and which are not generally ruled by official regulations (even though official instruments remain the same as those of the Getulio Vargas era), investors may make profits. That is the message that the president will transmit to those attending the seminar in Germany.

Text of Proposed Administrative Reform Bill

95SM0505A Sao Paulo GAZETA MERCANTIL in Portuguese 24 Aug 95 p A10

[FBIS Translated Text] Here is the full text of the Statement of Justification that accompanies the proposed administrative reform bill.

To His Excellency the President of the Republic:

We are honored to submit for Your Excellency's consideration the attached proposal for a constitutional amendment pertaining to the provisions that govern the public administration, the legal regime, and the regulations on tenure for civilian public servants.

This proposal complements the amendment pertaining to the prerogatives of the branches of government with respect to administrative organization and fixing of compensation for their auxiliary employees.

General Observations

The crisis of the state is at the root of the prolonged period of economic stagnation that Brazil has experienced during the past 15 years. This multifaceted crisis has manifested itself in a fiscal crisis, a crisis in the ways in which the state has intervened in the economy, and a crisis of the government apparatus itself. As regards this last dimension, the state's ability to take administrative action deteriorated, while an erroneous focus prevailed that led to a dismantling of the government apparatus and a discrediting of its bureaucracy.

In the opinion of this government, the administrative reform is an inseparable component of the series of

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constitutional changes that we are proposing to the Brazilian public. These are changes that will lead to a restructuring of the state and the redefinition of its role and the way it performs, so that we can achieve a solid and durable solution to the crisis.

A reinvigoration of managerial ability and of the capacity to formulate and implement policies within the government machinery will be critical to the resumption of economic development and the satisfaction of the citizen demands for better quality public service. Furthermore, an increase in the efficiency of the state apparatus is essential if we are to permanently overcome the fiscal crisis.

Administrative reform is more than a revision of constitutional provisions, but these revisions are absolutely vital to its success in that they promote an updating of rules concomitantly with a removal of the legal constraints that presently hamper the introduction of new management principles, models, and methods.

Drafted in the difficult context of the return to democracy—which in our country was simultaneous with the financial crisis of the state—the Constitution of 1988 embodied a verticalized, hierarchical, and rigid concept of public administration that fostered a proliferation of controls that frequently were unnecessary. It is now time to reassess some of the options and models adopted and to assimilate new concepts that will reorient government action in the direction of efficiency and quality in the services rendered to the citizenry.

The revision of the constitutional provisions and countless other changes in the juridical-legal realm that will accompany it are oriented toward the delineation of conditions favorable to the introduction of new organizational and institutional formats, the revision of routines and procedures, and the replacement of formal controls with a continuing evaluation of results.

Consistent with these ends, Mr. President, we believe that the constitutional amendments now submitted will make a decisive contribution to reinvigorating public administration and will have a positive impact on government action as a whole and on society. Some of the results expected from the administrative reform that deserve special mention are:

- Incorporation of efficiency as a dimension of public administration: the government machinery must prove that it can generate more benefits, in the form of services rendered to the public, while using the available resources, thus respecting the taxpaying citizens.
- Contribution to balanced government accounts: the areas of government that are faced with imbalances in the public accounts will have greater freedom to take effective action to reduce their staffs, while observing criteria to avoid an abusive and persecutional use of such devices.
- Opening the way for administrative federalism: the introduction of new institutional formats for cooperative management of public services—involving the federal, state, Federal District, and municipal governments—and the removal of legal obstacles to the transfer of property and personnel will enhance the application of the precepts of federalism to public administration, particularly as regards decentralization of public services.
- Breaking with rigid and formalizing legal and institutional formats: institutional reform will permit introduction of a new structural design in Brazilian public administration that includes differentiation and innovation in the treatment of structures, legal forms, and methods of management and control—particularly as regards the legal regime of the civil service, personnel recruitment methods, and salary policy.
- Emphasizing quality and performance: the assimilation by public servants of the central position of the citizen and the importance of continually exceeding performance goals, coupled with the removal of unnecessary legal controls and obstructions, will result in an improvement of government services.

With respect to public servants, it is not the intention to penalize them or take away rights, but to update legal provisions, remove excesses, and especially, to foster conditions under which new forms of management can be introduced that will enhance their professional status. In this regard, we wish to highlight the following expected results:

- Restoration of the image of and respect for the public servant in the eyes of the public: greater flexibility as regards tenure, the introduction of evaluation mechanisms, and the possibility of addressing situations of excess personnel are likely to contribute to a reinvigoration of the image of the public servant in the minds of the public and to the assimilation of a new professional posture.
- Encouragement of professional development for public servants: allowing the reservation of vacancies in selection competitions and procedures will serve to motivate public servants and facilitate their appropriate repositioning within the administration.

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- Improvement of working conditions: the increased flexibility introduced by this reform will foster the assimilation of new management methods and techniques, thereby creating the conditions for a substantial improvement in managerial standards in public service that will benefit the employees themselves.

The Amendment

The provisions affected by this constitutional amendment place emphasis on a revision of the principles and rules that govern public administration and the legal regime that applies to public servants, with a view to removing legal constraints and reviewing procedures pertaining to hiring, salary policy, tenure, and the decentralization of functions and services to the states and municipalities.

As regards revision of general provisions that affect public administration, the bill authorizes suspension of Brazilian citizenship as a requirement for access to public office and government employment and duties in cases to be defined in law. Specifically, this measure would benefit educational and research institutions that chafe under the constitutional bonds that make it impossible to attract expert foreign professionals to fill permanent positions.

It will be possible to redefine and better adapt public competitive selection procedures to cases of recruitment for government employment by introducing into the constitutional text the words "public selection process." The procedures inherent in competitive examinations have proven to be too slow and too rigid for use in recruiting employees who are not entitled to tenure, or in situations where there is a need for highly specialized professionals or people with very specific experience and qualifications. Note, however, that the concept of the selection process must foster a simplification of routines and a reduction in time frames while expressly maintaining both the impersonality of selection procedures and their public nature.

As many as 20 percent of the vacancies in selection competitions or procedures could be allocated to employees who hold permanent positions or jobs. This reservation of vacancies for public servants, in a limited and strictly regulated manner, would be made acceptable in order to provide motivation for professional development in the civil service.

With respect to salary policy, a provision has been added to the principles applicable to public administration. It makes it mandatory that any modality of readjustment, increase, or concession of benefits to public servants be approved by enactment of a specific bill of law. This will make it impossible to grant benefits and privileges by administrative resolution, and will confer greater transparency and uniformity on procedures for handling remuneration in the public sector.

It will now be mandatory that the ceilings on remuneration of public servants stipulated in the current constitutional text be applied to those in inactive status. A transitional provision is proposed that would adapt their earnings and pensions to the compensation limits applied to active public servants. This would prevent the immediate reversion of innumerable and costly situations of persons receiving remuneration above the constitutional ceiling.

In order to streamline the reorganization of public corporations and semipublic enterprises for purposes of implementation of the National Privatization Program, the requirement for legislative approval of the creation of state enterprises is removed, but solely in those situations where the circumstances of the privatization recommend the dismembering of existing enterprises. It is felt that the control stipulated in the constitutional text is unnecessary and too regimenting when applied to ongoing privatization cases.

Further with regard to management of state enterprises, the deletion of the requirement for legislative authorization of the creation of subsidiaries of public corporations and semipublic enterprises will confer greater autonomy and capacity for proper performance under market conditions. This liberalization would, however, apply only to situations where the purpose of the subsidiary is to pursue business activities similar to those of the parent company.

As a general feature to be included in the constitutional text and subsequently regulated by complementary law, provision is made for different forms of cooperation between the federal government, the states, the Federal District, and the municipalities in organizing and managing their duties and services. Of particular importance will be permission for absorption or transfers of staff, property, and facilities between levels of government by formal agreements calling for full or partial transfer of responsibilities and services. The implementation of all proposed modes of cooperation will always depend on voluntary acceptance by the parties involved, and the autonomy of the units of the Brazilian federation will be respected.

By removing legal roadblocks, this provision would streamline the process of redefining duties and responsibilities among the federal, state, and municipal spheres of government. In the specific case of the federal government, it will be possible to negotiate the transfer of

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activities, personnel, and property affected by the decentralization of public services management. At the same time, the states and municipalities would be afforded the chance for immediate access to the human resources, buildings, and equipment that are indispensable to the continuity of the transferred services.

The constitutional provision pertaining to mandatory adoption of a single legal regime for employees of the direct administration, semi-autonomous government agencies, and foundations has been revised. When it was introduced, the single regime represented an attempt to re-establish control over personnel management in the public service. The proliferation of entities in the indirect administration, parallel to the superimposition of a variety of legal regimes and functional situations among civil servants, demanded a broad approach to reorganization of government personnel.

The option adopted in the 1988 Constitution, however, was characterized by an emphasis on a standardizing format that was rigid and centralist. This was truly a step backward with respect to the decentralizing strategies that, in the past, had inspired the adoption by the public administration of the legal figures of the semi-autonomous government agency [*autarquia*] and the foundation [*fundacao*].

The introduction of the single legal regime in this regard imposed a burdensome legal restriction on the managerial autonomy and flexibility that are vital to the indirect administration, fostering anew the trend toward undifferentiated treatment in relation to the direct administration. Furthermore, it extended the edict on centralization and standardization to cover the states and municipalities, thus depriving them of the possibility of finding their own, differentiated solutions to the organization of their personnel.

The existence of a variety of legal regimes applicable to public servants would greatly facilitate introduction of a new institutional/legal architecture that would permit a reorganization of Brazilian public administration in consonance with modern techniques and concepts in the field of administration.

The guiding principle of this new architecture is the recovery of managerial autonomy and flexibility in areas that are responsible for rendering public services. It is intended that, following modifications to the constitutional text, it would be possible to define differentiated legal regimes for civil servants, depending on the nature of the organ or entity to which they are assigned.

This means that semi-autonomous government agencies and foundations will be able to avail themselves of specific labor regimes that satisfy the need for greater agility in recruitment and dismissal of personnel, while maintaining proper guarantees and the impersonality and legality that are typical of public service. Furthermore, each sphere of government would have the option to adopt the CLT [Consolidated Labor Code] regime in situations where it is considered more suitable.

In line with the objective of expanding the boundaries of managerial autonomy, we have deleted from the constitutional text the reference to mandatory adoption of a single legal regime to cover all educational institutions maintained by the federal government.

The reference to isonomy of pay scales among government employees was also deleted from the constitutional text. It is intended that the topic be properly and opportunely resolved as an inherent component of a consistent human resources policy, rather than a subjective right enjoyed by employees that subjects the administration to all kinds of pressures and demands for salary equivalency.

Opening the way to an adoption of age requirements for admission into government service will enable the administration, acting in the interests of greater efficiency and rationality of costs, to prevent the entry of elderly staffers who would remain in the service of the state for only a short time but would become entitled to all the rights associated with retirement from government service. It is emphasized that these restrictions on age will not be obligatory and could be used as appropriate, given the characteristics of each job or field of activity.

Another important suggested change in the constitutional text refers to flexibility in the granting of civil servant tenure. Historically, the institution of tenure was an innovation by the bureaucratic administration introduced as a means of combating a patrimonialistic administration and the use of dismissals as a political tool.

As happens with any legal rule, the features of tenure as an institution are now in need of being brought up to date so as to make it compatible with the need to introduce managerial techniques oriented toward efficiency and performance. Furthermore, the political and social modernization process now under way has helped consolidate the distinction between the public and private spheres and improve the accuracy of oversight by society at large against potential abuses.

The present legal framework has allowed widespread and indiscriminate attribution of rigid tenure rights to all employees in the direct administration, the semi-autonomous government agencies, and the foundations. Making this institution more flexible, in the terms being proposed, will permit an application that is differentiated

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and graduated according to the institutional and management characteristics of each segment of the administration. It will also become a suitable tool for dealing with situations of excess personnel, yet with due regard for the public interest.

Therefore, it is not the abolition of tenure that is being proposed here. It is felt that it would be sufficient to regulate it at two levels: rigorously for those categories of personnel who perform duties that are exclusive to the state, and flexibly for other employees. Strict tenure provisions will permit dismissals of public servants for misconduct or unsatisfactory performance, via administrative or judicial proceedings. Flexible tenure will allow not only for theses hypotheses, but for the possibility of releasing an employee in consideration of the needs of the service arising as a result of excess personnel or organizational restructuring.

Another consequence of this new treatment of tenure will be the widespread inclusion, in future legislation implementing the modified provisions, of mechanisms for evaluating the performance of civil servants, contemplating the possibility of removal in cases of demonstrated refractory inefficiency.

Separations of personnel for reasons of administrative necessity could come about in connection with staff reductions or restructuring, or even to comply with personnel spending limits such as those stipulated in Article 169 of the Constitution and recently regulated by Complementary Law No. 82/95. It should be noted, in this regard, that the burden of personnel expenses on available revenues is having extremely serious effects for many states and municipalities; they find themselves prevented from carrying out their government programs.

The granting of this new prerogative to the administrators will be accompanied by restrictions on the abusive or persecutional use thereof. For example, the position held by a separated employee will be automatically abolished, and complementary law may stipulate additional criteria and safeguards. Furthermore, the employee would be guaranteed indemnification, depending on gradation and other criteria to be set forth in detail in the law, in cases of layoffs for administrative necessity or dismissal for unsatisfactory performance.

A specific exception has been included, however, to prevent the application of the provisions pertaining to layoffs for administrative necessity in the case of tenured public servants holding permanent positions who perform duties that are exclusive to the state, as defined in subsequent legislation.

The institution of remunerated reserve status [*disponibilidade remunerada*] was revised to provide expressly for compensation proportional to length of service until the employee can be reinstated in a position of the same degree of responsibility. The proposed readaptation seeks to strengthen its viability as a tool for facilitating administrative reorganization and its use as an alternative to separating the employee.

Also with respect to requirements for granting tenure, an attempt was made to link it more clearly and definitively to the evaluation mechanism by inserting a requirement that the employee be evaluated by a specific committee. The probationary period is extended to five years, and acquisition of tenure at the end of that period is conditional upon the employee being evaluated by a commission created for this purpose.

It is these measures, Mr. President, that constitute part of the proposed set of constitutional changes aimed at transforming Brazilian public administration into a powerful tool of economic and social development, in accordance with the guidelines and objectives of the government program.

Respectfully submitted: Nelson Jobim, Minister of Justice; Reinhold Stephanes, Minister of Social Welfare; Luiz Carlos Bresser Pereira, Secretary of Administration and Reform of the State; Pedro Sampaio Malan, Minister of Finance; Paulo Renato Souza, Minister of Education; and Jose Serra, Minister of Planning.

Specific Law To Govern Remuneration

Following is the full text of the administrative reform bill which the government sent to Congress yesterday:

Proposed Constitutional Amendment

This proposal modifies the chapter on Public Administration, adds rules to the General Constitutional Provisions, and establishes rules for the transitional period.

Article 1.

The phrase "as well as to foreigners when specifically authorized by law" is to be added to Article 37(I) of the Federal Constitution, following the word "law," so that the provision reads as follows: "*Article 37.... I. Public office, employment, and duties shall be open to Brazilians who meet the requirements established by law as well as to foreigners when specifically authorized by law;*"

Article 2.

Article 37(II) of the Federal Constitution is reworded to read as follows: "*Article 37....II. Investiture in government office is dependent upon prior approval gained in public competition on the basis of examination, or examination and presentation of credentials, and admission to*

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government employment upon approval in a public selection process regulated in law, except for appointments to temporary positions the occupants of which may, as declared by law, be appointed and removed at will."

Article 3.

Two subparts, worded as follows, are hereby added to Article 37 of the Federal Constitution after subpart XXI: *"Article 37....XXII. Complementary law may, in public competitions and selection processes, permit the reservation of as many as 20 percent of the vacancies so that they may be filled, in that same selection process, by persons holding permanent positions or jobs in the public service; XXIII. Only by specific law may remuneration, salaries, wages, benefits, pensions, bonuses, or any other pecuniary benefits received by holders of positions, jobs, or functions in the direct administration, the semi-autonomous government agencies, and the government foundations be raised or readjusted."*

Article 4.

In the main provision of Article 39 of the Federal Constitution, the words "shall institute" are hereby replaced with the words "may adopt" and the phrase "single legal regime" is replaced by the phrase "differentiated legal regimes for their employees." Also, the word "shall institute" is added following this last phrase, so that the provision now reads as follows:

"Article 39. The Union, the states, the Federal District and the municipalities may adopt within their respective spheres of authority differentiated legal regimes for their employees and shall institute career ladders for the employees of the direct public administration, the semi-autonomous government agencies, and the public foundations."

Article 5.

Paragraph 1 of Article 39 is deleted.

Article 6.

The phrase "holders of public office and functions" is added to Paragraph 2 of Article 39 of the Federal Constitution following the word "employees." The reference to subpart VI of Article 7 is deleted, and the phrase "except the prohibition in subpart XXX against the establishment of hiring criteria based on age," is added to the end of the provision, after the reference to subpart XXX of Article 7, so that the provision now reads as follows: *"Article 39..... Paragraph 2. The provisions in Article 7 (IV), (VII), (VIII), (IX), (XII), (XIII), (XV), (XVI), (XVII), (XVIII), (XIX), (XX), (XXII), (XXIII), and (XXX) apply to these employees, except the prohibition in subpart XXX against the establishment of hiring criteria based on age."*

Article 7.

The phrase "based on examinations and presentation of credentials; a single legal regime is assured for all the institutions maintained by the Union" is deleted from Article 206(V) of the Federal Constitution so that the provision now reads as follows: *"Article 206. Respect for the teaching professionals, who shall be guaranteed, under the law, a career ladder for the public teaching profession that includes a wage floor and affords entry solely by public competition or public selection process."*

Article 8.

Article 41 of the Federal Constitution is amended, and new paragraphs and subparts are inserted, so that the article now reads as follows, including the necessary renumbering: *"Article 41. After five years of service as a permanent employee in a permanent position, a civil servant who was appointed as the result of a public competition shall acquire tenure and may only lose his position because of: I. A court sentence that has become final and is unappealable; II. Negligence, dishonesty, or any other misconduct, determined through an administrative proceeding during which he is assured the right to confront his accusers and to present a full defense; III. Unsatisfactory performance in the exercise of his duties, determined through a specific administrative proceeding during which he is assured the right to confront his accusers and to present a full defense; IV. Public administration necessity with a view to reduction or restructuring of personnel, as well as the adjustment of personnel levels to the ceilings stipulated on the basis of Article 169, with due regard to the separation criteria established in complementary law. Paragraph 1. A tenured employee who is separated from public service by virtue of the provisions of subparts III and IV shall be assured indemnification, in the manner and to the degree stipulated in law. Paragraph 2. When an employee is separated on the grounds of subpart IV, the position shall be abolished and the creation of a new position for the same functions shall be prohibited for a period of four years. Paragraph 3. The provision in subpart IV shall not apply to a tenured public servant who, by virtue of the duties of his permanent position, performs activities that are exclusive to the state as defined in complementary law, and whose exercise requires special guarantees against loss of his position. Paragraph 4. It is mandatory that prior to completing the probationary period and as a condition for acquisition of tenure, a public servant appointed to a permanent position be subjected to periodic and specific evaluation of his performance by a committee established for that purpose. Paragraph 5. In*

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the event that the dismissal of a tenured civil servant is invalidated by court decision, the employee shall be rehired and whoever may be occupying that vacancy shall be transferred back to his original post without any right to indemnification, utilized in another position, or placed on the list of those available for duty, with remuneration proportional to length of service. Paragraph 6. In the event his position is abolished or declared superfluous and the provision in subpart IV has not been applied, a tenured public servant shall remain in remunerated 'available' status until he can be appropriately used in another position."

Article 9.

Three [as published] articles, worded as follows, are added to Title IX, "General Constitutional Provisions," after Article 246: *"Article 247. For the purpose of implementing functions and services in a coordinated fashion, the Union, the states, the Federal District, and the municipalities may establish the following, among themselves: I. Public consortia for shared management of one or more services, including management through the institution of intergovernmental organs or entities; II. Cooperation agreements for execution of their laws, services, or functions; III. Agreements for full or partial transfer of responsibilities and services, with complementary law establishing criteria for the absorption, remuneration, or assignment of personnel, property, and facilities essential to the continuity of the transferred services. Article 248. The requirements set forth in Article 37(XIX) and (XX) shall not apply to the creation of public corporations, semipublic enterprises or their subsidiaries when resulting from a spinoff, consolidation, or merger effected under the National Privatization Program. Article 249. Article 37(XX) shall not apply to the creation of a subsidiary of a public corporation or semipublic enterprise whose purpose is the performance of activities directly related to the activities of the parent company. Article 250. No individual may, for any reason, receive any remuneration, inactive service benefit, or pension from the public coffers that exceeds the cash remuneration stipulated for the president of the Republic pursuant to Article 49(VII)."*

Article 10.

Two articles, worded as follows, are added to the Transitory Constitutional Provisions Act, after Article 73: *"Article 74. In the absence of a specific legal rule, until promulgation of the law to which Article 37(II) refers, public selection proceedings may consist of examinations, presentations of credentials, or of both examinations and presentations of credentials, and the rules of procedure for public competitions shall apply insofar as appropriate. Article 75. In no case may the inactive service benefits received by public agents or the pensions to which they may be entitled exceed the remuneration paid to public agents in active service. The ceilings mentioned in Article 37(XI) and (XII) shall apply to the benefits and pensions, and the receipt or continued payment of sums in excess thereof shall not be permitted for any reason."*

Article 11.

Civil servants appointed to permanent positions by virtue of public competition and who are on duty on the date this amendment is promulgated are assured the right to gain tenure after two years of probation.

Article 12.

The provisions of Article 41(IV) shall not apply to federal government employees who, on the date this amendment is promulgated, are performing duties that were transferred by the Union to its former territories.

Article 13.

Federal government employees who, on the date this amendment is promulgated, are performing duties that were transferred by the Union to its former territories may be absorbed into the personnel complement of the respective state under the agreement referred to in Article 247(III) of the General Constitutional Provisions.

Article 14.

This amendment enters into force on the date of its publication.

Brasilia, August , 1995.

[Box, p A10]

"Better Managerial Capability"

Here is the full text of the proposal that changes the organization of the branches of government and was included as part of the administrative reform bill:

Proposed Constitutional Amendment

This proposal modifies Title IV "Structure of the Branches of Government."

The Presiding Officers of the Chamber of Deputies and the Federal Senate, acting pursuant to Article 60, Paragraph 3, of the Constitution, hereby promulgate the following amendment to the constitutional text:

Article 1.

The word "structuring" is deleted from Article 48(XI), from Article 61, Paragraph 1 (II)(e), and from Article 88 of the Federal Constitution, so that the provisions

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now read as follows: *"Article 48....XI. Creation and prerogatives of the ministries and the organs of the public administration;" "Article 61.... Paragraph 1. ... II ... Creation and prerogatives of the ministries and the other bodies in the public administration." "Article 88. The law shall make provision for the creation and prerogatives of the ministries."*

Article 2.

The phrase "the structuring of the organs of the federal administration" is added to Article 84(VI) of the Federal Constitution, after the word "functioning," so that the provision now reads as follows: *"Article 84. ... VI. Make provision concerning the organization, functioning, and structuring of the organs of the federal administration;"*

Article 3.

The phrase "and transform federal public offices, without increasing the expenditure or altering the legal nature of an office, pursuant to law" is added to Article 84(XXV) of the Federal Constitution, after the word "abolish," so that the provision now reads as follows: *"Article 84. ... XXV. Create, abolish, and transform federal public offices, without increasing the expenditure or altering the legal nature of an office, pursuant to law;"*

Article 4.

Subpart XV is added to Article 48, to read as follows: *"Article 48. ... XV. Establishment of the remuneration for the positions, jobs, and functions in the auxiliary, technical, and administrative services of the Chamber of Deputies, the Federal Senate, and organs of the judiciary branch, the Office of the Government Attorney of the Union, with due regard for the parameters established in the budgetary guidelines law."*

Article 5.

The phrase "and for the establishment of the respective remuneration, with due regard for the parameters established under the budgetary guidelines law" is deleted from the end of Article 51(IV) and from Article 52(XIII) of the Federal Constitution, so that the provisions read as follows: *"Article 51. ... IV. Provide for the organization, functioning, policing, creation, transformation, and abolition of positions, jobs, and functions within its services;" "Article 52. ... XIII. Provide for the organization, functioning, policing, creation, transformation, and abolition of positions, jobs, and functions within its services;"*

Article 6.

This Amendment enters into force on the date of its publication.

Brasilia, 1995.

Chile

Diplomat Views Government's NAFTA Negotiation 'Errors'

PY2509165495 Santiago ESTRATEGIA in Spanish 22 Sep 95 p 8

[FBIS Translated Text] Pedro Daza, director of the Libertad Institute, has said the complicated moment Chile is experiencing in the negotiations to enter NAFTA represents "a very negative step in Chile's foreign policy."

He mentioned the need to calmly assess the vacuums, shortcomings, and errors that have led to the current situation.

Daza said: "The government policy is contradictory, it has issued mistaken signals." He recalled that right from the start, Chile's entry to NAFTA appeared as an essential element in its commercial policy, a fact that was later lessened by the ministers responsible for the negotiation.

Daza said mistakes were made in the way the negotiations were tackled. He added: "Emphasis was placed on the technical aspects of the negotiations while the political aspect of our relationship with the United States was neglected."

He said Chile is not responsible for the failure, because what is being mentioned at this time are U.S. domestic problems. Daza added that the mistake was because "although the U.S. domestic problems have always been present, the Chilean Government did not take into account or, ultimately, miscalculated the effect they would have."

He said that all that is left now is a high level negotiation, headed even by the president of the Republic.

Daza asserted: "If Chile fails to join NAFTA it would not be just a political-commercial problem for U.S.-Chilean bilateral relations, it would also affect the credibility of U.S. policy regarding Latin America."

All this is happening because, by inviting Chile to become the fourth NAFTA member during the Miami summit in late 1994, the U.S. Government took the first step toward establishing a free trade zone in the Americas.

Should Chile's entry to NAFTA fail to materialize, at least in the short or medium term, the effects on our commercial development and specific exchange will not be significant in Daza's opinion. According to information available to him, Daza says Chilean trade

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with that bloc will only increased by 17 percent in the next 10 years.

He added that Chile's entry to NAFTA is part of a commercial strategy to relate to the international economy, which would be affected.

A chance to improve Chile's situation before the rest of the world, resulting from our future entry to a free trade zone of the magnitude of the U.S. bloc, would be lost.

The former diplomat says that irrespective of the results of the negotiation with NAFTA, it should not affect Chile's negotiations with other groups like Mercosur [Common Market of the South] or the EU.

Economy Minister Cautious on 'Fast Track' Treatment

PY2309030995 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 23 Sep 95

[FBIS Translated Excerpt] Economy Minister Alvaro Garcia, who has just returned from the United States, has said that on the fast track [preceding two words in English] issue, we must be very cautious. The U.S. ambassador to Chile also said that anything related to this matter is very difficult. [passage omitted]

[Begin Garcia recording] We are surprised by the fact that we must be cautious on this process, and not sing about victory ahead of time, because the United States is going through a presidential electoral process, when political differences stand out. [end recording]

Finance Minister Eduardo Aninat, however, seems to be a little more optimistic; historically, he said, U.S. policy is quite variable.

[Begin Aninat recording, in progress] ...more than last year. There is a concrete proposal on which to work. The fast track treatment has been approved by a majority, and Mickey Kantor himself has said that the situation now is easier to continue negotiating. This is our objective. There is no triumphalism, for there is a long way to go. [end recording]

Today's optimism is not as great as in previous weeks. Chilean negotiators, however, have confidence that an agreement will be reached soon among U.S. parties to improve our country's position and its possible entry into NAFTA. Otherwise, it is quite possible that negotiations might be postponed until 1997.

Attitudes of Top Army Generals Viewed

95SM0506A Santiago EL MERCURIO in Spanish 20 Aug 95 pp D1, D18

[Article by Mauricio Carvallo]

[FBIS Translated Text] The evaluation process for Army officers has just begun a new cycle, the first stage of which will focus on the ranks from second lieutenant to brigadier general. Later, toward the middle of October, General Pinochet will rate and determine the future of the six major generals and the 37 brigadier generals who make up the High Command, and will meet with the president.

Traditionally, until now, the Army and the executive branch have had conflicting approaches that complicated their efforts to reach full agreement on these promotions, assignments, and retirements. On the one hand, the High Command has tried to select the officer with the most merit, based on an impeccable professional career. On the other hand, the executive branch has tried to shut out anyone who has been accused of inappropriate activities in terms of human rights or politics. Both positions have led to a long, drawn-out search for consensus. When this search has proven futile, careers have been frozen, although no one has necessarily been cashiered from the Army, since the decision would automatically be put off to the following year.

The evaluation machine has just been set in motion again, with some problems that are new and others that date back years. This will force a decision on two of the most difficult cases: that of Brigadier General Miguel Krassnof, and that of Commander Fernando Laureani. Unlike previous occasions, however, another ingredient may lend additional drama to the complex system that should culminate in a list for General Pinochet to propose to President Frei: the case of officers who attained public notoriety when they expressed the Army's point of view in the wake of the conviction in the Letelier case.

That is, those who have been rated as "hardliners."

Opposing Views

From the political standpoint, "hardliners" are those who have human rights problems, and who accepted democracy reluctantly, which means that they would defend the present institutional order to the death.

The executive branch could add their names to the file of those who would object if it were to prevail in its effort to promulgate a law to give the administration the power to remove officers without the prior recommendation of the commander in chief. On the contrary, if the

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negotiations in parliament do not end up giving it that power, it will have to evaluate a lot of background information before deciding.

The leaders of the Coalition [Concertacion] have a variety of responses to this situation. The secretary general of the Party for Democracy (PPD), Patricio Hales, will be quick to criticize, once again (he already did so last year), the government's alleged weakness if it allows the promotion of officers he deems questionable. He says that "the military's pride is invested in loyalty to itself, not loyalty to the nation that has a democratic regime. Therefore, we must make further inroads so that the country will feel that the Armed Forces are a resource for the nation, not for themselves."

In contrast, the head of the Socialist Party (PS), Camilo Escalona, whose party was allied with Frei in 1994 and ignored the criticism of the PPD, insists that "in any case, we will support whatever decision the president makes, and we will maintain the same stance we had last year." In other words, on this issue the PS and the PPD have a serious difference of opinion.

Although the president of the Christian Democrats (DC), Alejandro Foxley, is trying to bring his party into full alignment with Frei, Senator Andres Zaldivar contends that it is generally agreed in his party that "the executive branch must impose order and discipline on the Army; otherwise, this situation will be repeated over and over. It should not provoke a crisis, as long as it uses its power prudently (and it cannot renounce that power) in cases where there has really been a political attitude of rebellion or contempt."

The right, on the other hand, is in full agreement on this issue. The president of National Renewal (RN), Andres Allamand, says that those officers who came to the fore "assumed a risk, but in doing so they showed their great loyalty to the institution and their growing exasperation with unresolved problems. If we find satisfactory solutions to these problems, nothing will happen to them." And he added, typically: "The government cannot have a double standard and punish them. That would mean 'giving the axe' to the subordinates while patting the big guys on the back."

Independent Democratic Union (UDI) leader Francisco Bartolucci, who is a member of the Chamber of Deputies Defense Committee, claims he has no fear of reprisal: "Objectively, no officer has displayed any attitude that could be considered detrimental or that would suggest he should not be supported, promoted, or appointed to a new post."

Appearances

The commander in chief of Division II and military judge of Santiago, Eugenio Videla Valdebenito, has taken the lead in making public appearances. Early this year he and Brigadier Generals Jorge Lagos (director of operations) and Sergio Moreno (commander of the Military Institutes Command), along with Army Auditor General Fernando Torres Silva, attended the final arguments in the Letelier case before the Supreme Court. In the presence of the political leaders of the Coalition who also attended the session, General Videla declared that there should be a big trial of those responsible for what happened in 1973 and the following years, and that some of them were right there. As a result, the government conveyed its annoyance to General Pinochet, and the PPD called for General Videla's retirement because he expressed political opinions.

Later on, General Videla went three times to the Viejo Roble estate where General Manuel Contreras was trying to make up his mind what to do next. In June, as he left the Armed Forces building in combat dress, he declared that if the Army was to fulfill its constitutional mandate, it needed "to exist as an institution of the Republic."

Videla was the only general who attended the meeting outside Punta Peuco Prison at which 200 of his subalterns expressed solidarity with Brigadier General Espinoza, creating a political stir that is still having repercussions today.

Apparently, these events qualify General Videla (who is a black beret, tactical frogman, and paratrooper) as a "hardliner." Nevertheless, officers throughout the Army agree wholeheartedly with DC Senator Arturo Frei's argument: "There are no 'hard' or 'soft' officers; there are merely officers who must carry out missions that are assigned to them. 'Hardness' depends only on character; some speak loudly and others softly, but they all think the same."

Indeed, say Army insiders, an officer who has remained silent at his post until now is the same as another who has been more vociferous outside. There are apparently no major differences or opposing views. What characterizes the "hardliners" in the military is the vehemence of their statements. Moreover, the circumstances have made a few stand out. It is said that there may even be someone who is "harder" than those who have emerged in public but who does not reveal anything to outsiders. In this regard, there are officers who have not yet become known. One example of this is General Pinochet himself. No one in the Army imagined what kind of leader he would become. He always concealed that with the image of a serious and

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strict professional; only in the role of commander in chief did his political abilities come to light.

Generals in Court

Unlike General Luis Cortes Villa, chief of the Support Command, and General Hernan Nunez, director of training, Videla had not been known for his outspokenness. First of all, he is considered "hard"—nevertheless—because of his strong character and bluntness, which he applies in exercising command. Nunez, who was director of civilian organizations in the military regime, seems to have specialized in responding harshly to Ricardo Lagos when he discusses the military.

Very reliable sources affirm that when he was thrust into the limelight he was obeying orders from above.

At the time, it was not revealed that dozens of generals had asked the commander in chief for permission to attend the court session, but he authorized only Videla, Lagos, Moreno, and Torres Silva. If some 30 generals who work in Santiago had filled the courtroom, there would have been a much bigger impact than that of Punta Peuco as a demonstration of the Army's feelings. It is not known for certain what prompted Pinochet to pick those four in particular, but it is believed that the importance of their posts was one factor. Other considerations were the fact that General Videla commands the largest number of troops in the Metropolitan Region, and that General Moreno is in charge of the Military Academy and other facilities.

It was also on instructions from General Pinochet that Videla went three times to Contreras' estate to convince him to obey the court's ruling. He offered him, among other solutions, the Military Hospital, to which the government consented. In addition, when the High Command found out, at the last minute, about the Punta Peuco meeting, he was sent over there on the double to try to control any problem that might arise among the personnel under his command.

Sources very close to Videla categorically deny any relationship between him and General Contreras' ex-wife, although they confirm that they are friends, and that he was Contreras' subordinate in the Arauco and Tejas Verdes Regiments.

The Defense Ministry would understand this "virtual misunderstanding," and it apparently has no trouble agreeing with the Army that Videla has not endangered his professional future. It is considered very likely that his promotion to major general will be proposed this year. Although he ranks 15th in seniority in the Army, and three brigadier generals with more seniority are ahead of him in line (not counting the possibilities of those who have reached the top of their ranks, General Florencio Tejos, chief of the War Materiel Service, and Torres Silva, who, as an attorney, can only remain in his current post) and are awaiting promotion. Since there are three major general vacancies open right now, Videla could easily be promoted.

But if General Pinochet were convinced that the president would object to the promotion, retirement, or posting of a particular officer, he might fall back on the controversial statute and not move him from his current position. If the officer is not proposed for promotion, he does not run the risk of a refusal. It is not good for the profession, however, to prolong the state of limbo for more than a year, because holding back on a promotion jeopardizes those below, who need the "updraft." A military officer also needs to be transferred to be promoted, which means that he needs to be constantly moving to positions of greater responsibility.

Another solution is a pact with the executive branch, and it is likely that, if it is not already being sought, Minister Perez Yoma and General Pinochet will hasten to enter into what looks a lot like a compromise. In its last year in office, the Aylwin administration objected to the promotions of Generals Ramon Castro Ivanovic and Hernan Ramirez Rurangue, but the commander in chief of the Army was able to keep them in exchange for the retirement of Major General Jorge Ballerino.

Krassnof and Laureani

Last year, the government approved General Pinochet's proposal without objections. President Frei agreed to allow Auditor Torres Silva to remain in the ranks, although the Aylwin administration had severely questioned his fitness. It was felt that it was important for the commander in chief to keep him on board to handle the legal side of the question. Pinochet also managed to keep General Ramirez Rurangue—his former chief of security, in charge of the Office of Army Intelligence (DINE) in the "Charly" espionage case, and former military judge of Santiago, who always granted amnesty—after agreeing to assign him as commander in chief of the Southern Region, where Perez Yoma has direct command over the troops.

In a similar accord, but this time as commander in chief of the Army First Corps, General Castro Ivanovic, who ranks fourth in seniority in the Army, was sent to Arica. He had been General Pinochet's secretary when the controversy arose over the purchase of the El Melocoton property, and under the Aylwin administration he was frozen in his post.

In other words, as Videla is reportedly doing now, both of them were carrying out missions for the commander in chief.

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It may be, as well, that the search for a climate of detente will prevent the government from blocking any promotions. That possibility can be ruled out, however, in the case of two lower-ranking officers who are being prosecuted for disappearances, Brigadier General Miguel Krassnof, who is on active duty, and Commander Fernando Laureani.

Krassnof is to be proposed by the Generals' Council for promotion to brigadier general, Laureani to colonel. Sources close to the Army explain that the human rights problem will not stand in their way, because only their service records and their professional merits will be taken into consideration. And if those are good enough, the final decision will be turned over to the executive branch. It was explained that the Generals' Council could not inject any unfounded political allegations into the evaluation of the two officers.

But it is impossible to predict what will happen in that council. There is a commitment to maintaining the utmost secrecy, just like the conclave that elects the pope. Thus, several brigadier generals, in the dark because of the secrecy, may actually be proposing to General Pinochet the names of their own replacements without knowing it.

[Box, p D18]

The View From Inside

Are there really "hardliners" in the Army, as some obviously proved to be during the military regime?

According to sources very close to the High Command, it is erroneous to categorize as "hard" those who came out against the Army's "submission" to political authorities and as "soft" those who would like to find ways of negotiating with the government to avoid a conflict.

In this regard, everyone is a "hardliner," it is said.

The Army is absolutely committed to the current institutional structure because it is making normalcy possible during this transition period, sources say.

Neither Conquerors nor Conquered

In the military view, the success of the transition is due—more than to the constructive attitude shown by General Pinochet and Presidents Aylwin and Frei—to the fact that there is no such thing as conqueror or conquered. This view has struck a balance so that the country's future can be faced together by both sides. Because, on the one hand, yesterday's vanquished, the left, felt victorious after becoming part of a new government; while the Armed Forces, the former winners, voluntarily relinquished power, thus creating a new institutional order and paving the way to a flourishing period of development at the threshold of an auspicious future.

This win-win feeling is what will allow the country to move forward without stumbling.

The Army feels, however, that on the matter of human rights, an effort is being made to produce an artificial loser. This imbalance poses a threat to the country, according to this view, because the goal is to completely break the spirit of the organization, and there is nothing more dangerous than an Army that feels defeated. It would not allow its spirit to be broken unless it accepted a blame it did not share.

The argument goes that society is not sufficiently aware (society often wakes up too late to serious threats) of the risk inherent in the fact that although the Army is strong, it is very vulnerable in this regard.

Reinforce the Message

As a body, says this theory, the military is using every legal means available to avoid being subjected to the "whim" of civilian power. And it is precisely in this effort that a clear distinction can be drawn between those who appear within the ranks to be seeking and proposing ways of overcoming the situation, and those who, on orders from above, defend the institutional order from the all-out effort by political authorities to overturn it.

Although they do not consider themselves politicians, these sources say, the military officials are committed to the institutional framework that they themselves created. Therefore, they cannot be expected to be objective in their opinions, as long as those opinions fall within the bounds set by the Constitution.

Along these lines, the goal at Punta Peuco was not to go over the head of the commander in chief, but to reinforce the message that he has been trying to convey to the executive branch, which had generated no response. If the government had been more perceptive, they say, in spite of the general respect and support for Brigadier General Espinoza, they would have shown less public solidarity with him. His situation and that of Contreras are considered key elements in this picture, however. It is felt that if both former chiefs of intelligence were jailed on the basis of "mere presumption," what guarantees could there be later for less important officers?

It is argued that the country is not at all concerned about institutional issues, such as the Armed Forces statute and the permanence of commanders-in-chief. So an attempt is being made to alter the balance that these

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two elements provide in order to allow for the forced retirement of those who express their points of view. According to this explanation, the Army cannot remain indifferent to an attempt to dismantle its institutional structure.

The institutional assault and human rights are viewed as a strategy set in motion to provoke a "defeatist" attitude.

Reluctance

According to this analysis, if the idea is to place the military at the whim of the government, that erroneous concept of "hardline" officers will resurface. Although everyone accepts the fact that the president is in control of the Armed Forces, it is considered inappropriate for the military to be dominated by civilian authorities, who would merely use it to their own ends.

The argument goes that everything is already provided for in the institutional framework, so there is no reason to tinker with it.

If, however, the opposition and the government were to agree on changes to be made in the institutional order, the Armed Forces would accept them, of course, but reluctantly. They insist that Chile has a chance to move forward without worrying about these issues. They believe that if the objective is to create a domesticated military as the only means of achieving the common good, that would amount to revenge, because clearly the country has more urgent and serious problems to resolve.

Ecuador

Former President Calls For Duran-Ballen's Removal

PY2609034895 Quito Voz de los Andes in Spanish 2300 GMT 25 Sep 95

[FBIS Translated Text] Former Ecuadoran President Rodrigo Borja said today that a constituent assembly should be summoned to oust President Sixto Duran—Ballen as the first step in overcoming the political, economic, social, and moral crisis affecting the country.

Borja said the constituent assembly's first task must be to end the terms of the president and vice president, and to entrust the Presidency to a man with merits, while the assembly draws up a new constitution and until the people elect a new president.

Borja, who was asked if the people would sit back and do nothing to prevent Ecuador from disintegrating, insisted that things cannot continue as they are because we have reached a level of corruption and ineptness in government administration which is unprecedented in Ecuadoran history.

Borja recalled that just after Duran-Ballen was inaugurated on 10 August 1992, he said the Presidency was vacant and that Duran-Ballen was doing everything wrong, all the big and small things wrong.

He added: Many people thought I was exaggerating but time and facts have proven me right. The fact is that there is no president, the office has been vacant since 10 August 1992.

Borja justified his comment by saying that the political system has never been so corrupt and that the crisis involves economic, social, and especially moral aspects.

In reference to the trial involving relatives of Duran-Ballen and the congressional impeachment proceedings against Vice President Alberto Dahik, which also involve other government officials, he said that everything is rotten and corrupt in the country.

Congress President Denies Negotiating Impeachment

PY2509184795 Quito Voz de los Andes in Spanish 1700 GMT 25 Sep 95

[FBIS Translated Text] Fabian Alarcon, president of the Ecuadoran Congress, has announced that at 1130 [1630 GMT] tomorrow he will hold a news conference during which he will disclose the exact date on which Vice President Alberto Dahik will be impeached. Alarcon has disclosed, however, that it will be next week, although there is no information whether or not it will be on Tuesday, 3 October. The exact date will be disclosed tomorrow.

Alarcon also flatly rejected rumors that he is negotiating with the Ecuadoran Government to avoid Dahik's impeachment and dismissal:

[Begin Alarcon recording] They may express their viewpoint. I respect the legislators' viewpoint, but that is my personal opinion.

[Unidentified reporter] However, you have been accused of negotiating Dahik's impeachment.

[Alarcon] Who said that? You have said it. In the first place, I have not said such a thing. Nevertheless, I want to flatly reject those rumors. We are not now negotiating, nor will we negotiate, any impeachment. When the people's defense front [bloque de defense popular] was established, I clearly stated that no impeachment would be negotiated. What I talked about at that time was legislative participation, about the right the legislators have to participate within the legislative commissions. But I do not accept anything or anybody coming to tell our party that we are negotiating anything concerning Dahik's impeachment. Anyhow, no matter what is said,

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facts will tell the truth during the interpellation of the vice president of the Republic. On that occasion, each political party, each legislator, will voice his viewpoint. I believe the pressure and presence of public opinion is so great that the stance of each party will abide by justice and law. [end recording]

We have just heard Ecuadoran Congress President Fabian Alarcon, who will disclose tomorrow the exact date of Vice President Dahik's impeachment. He has also dismissed rumors that he is negotiating with the Ecuadoran Government to prevent Dahik's impeachment.

Finance Minister: Crisis Creates 'Uncertainty'

PY2609035195 Quito Voz de los Andes in Spanish 2300 GMT 25 Sep 95

[FBIS Translated Text] Finance Minister Ivan Andrade said today there is uncertainty at the international level about the situation in Ecuador, which is experiencing one of its worse political crises due to the charges of corruption against the vice president.

Andrade said this uncertainty puts into question the Ecuadoran people's political maturity needed to maintain economic stability.

Andrade pointed out that the executive and legislative branches are immersed in that problem and that the national uncertainty is basically related to the use of the discretional funds of the state, which have been seriously questioned in the last two months.

Army Commander Explains Recent Border Clashes

PY2509152195 Madrid EFE in Spanish 1834 GMT 22 Sep 95

[FBIS Translated Excerpt] Quito, 22 Sep — [Passage omitted] General Carlos Calle, head of the Ecuadoran Fourth Army Division, said today that "it is quite likely that as the Ecuadoran Air Force aircraft that transports supplies to the zone within the framework of the civic action program was making a turn, the Peruvians may have thought it was invading Peruvian airspace and fired shots into the air."

Gen. Calle, who explained that the "Etza Viejo" detachment is located in an area that is not within the demilitarized zone established by the peace agreement, said that "fortunately, nothing happened, and our troops stationed at the detachment also fired shots to warn about our presence in the area."

However, Calle said, the MOMEP [Ecuador-Peru Military Observers Mission] officers "have the power to settle problems in that sector."

"Etza Viejo" is also south of Teniente Ortiz, which was involved in the undeclared war between Ecuador and Peru last January and February, and very near the Peruvian detachment of Pachacutec.

Calle explained that "in front of that Ecuadoran base there are some units in charge of patrolling the sector, therefore, there are constant encounters between these patrols, and shots are fired from one side or the other."

After voicing his hopes that "with time they (the incidents) will end completely for the pacification process to develop normally," Calle said that "fortunately, they have diminished lately."

He asserted that after the incidents, "everything is peaceful," although "as it is a zone that has not been demilitarized, it is always a rather sensitive area, but one cannot talk about a tense atmosphere."

Sources linked to the negotiations today assured EFE that the zone where the incidents took place is "located 400 km from Patuca (east of the country), in a zone where no clashes have taken place before."

MOMEP representatives stationed at the Patuca military base, located some 80 km from the zone where the armed conflict took place early this year, confirmed to EFE that they will investigate the reports "they have just received" on the incidents.

Moreover, the National Security Council (Cosena) is meeting at the Carondelet presidential palace to assess the border issue with Peru, with which it has a dispute over a portion of the border in the Amazon that lacks landmarks.

Radio Cites Peru's Foreign Minister on Border Talks

PY2209202195 Quito Voz de Los Andes in Spanish 1722 GMT 22 Sep 95

[FBIS Translated Text] The Peruvian refusal to acknowledge the existence of border problems with Ecuador has changed completely, and both sides are now talking about timetables and mechanisms for a bilateral dialogue.

The INTERNET world-wide network carries a statement by Peruvian Foreign Minister Francisco Tudela who said bilateral negotiations will extend beyond the upcoming Ecuadoran elections.

Tudela said that because Peru and Ecuador hold differing positions on the border dispute, solutions will take some time and negotiations may extend beyond the Ecuadoran elections scheduled for mid 1996.

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Fuel Oil Imports From Venezuela To Cover Shortage

PY2309012095 Quito Voz de los Andes in Spanish 2300 GMT 22 Sep 95

[FBIS Translated Text] Petroecuador [Ecuadoran State Petroleum Enterprise] will import 800,000 barrels of fuel oil from Venezuela in order to cover domestic needs, which have increased following the power rationing implemented in Ecuador about two months ago.

The purpose of the fuel oil imports is to prevent the halting of acrivities and work in power plants threatened by drought in the region where the main power plant (Paute) is located. This plant supplies more than 60 percent of the local power demand.

Federico Ventimilla, executive chairman of Petroecuador, who acknowledged the existence of a fuel shortage in Ecuador, asserted that fuel oil supply will be guaranteed until the end of the year.

Amazon Indians To Participate in 1996 Elections

95P21072A Quito EL COMERCIO in Spanish 31 Aug 95 p E1

[FBIS Translated Text] Puyo, Ecuadoradio—Indians of the Ecuadoran Amazon region have decided to take part in the next electoral process by putting up their own candidates within the political movement Pachacutec, which means New Life in Spanish.

The decision was made at the region's recent Congress of Indian Nationalities, which took place in Union Base, seven kilometers southwest of Puyo, capital of Pastaza.

Edmundo Vargas, president of the Confederation of Indian Nationalities of Ecuadoran Amazonia (Confenaie), announced that the Indians' participation in the1996 elections will be, for the most part, local. The Amazonian Indians hope mainly to capture the municipalities with mayors, town council presidents, or councillorships.

Of the 500,000 inhabitants of the country's green region, as the eastern part is known, around 300,000 are Indians, making their prospects for success good, added Vargas. Agreements could be worked out with some political sectors, but, to be sure, not with the right, stated the leader of the Amazon organization. Indian associations from the five provinces are starting to organize for the elections.

Bank Grants Credit to Amazon Provinces

95P21079A Guayaquil EL UNIVERSO in Spanish 13 Sep 95 p 1

[Article by Giovanni Tapia]

[FBIS Translated Text] Tena—At a meeting with agricultural center delegates in Quito, BNF [National Development Bank] President Raul Izurieta Mora Bowen announced that the national government has given 30 billion sucres to the bank to refinance delinquent loans in the Amazon provinces of Loja and El Oro. The meeting took place in the BNF building. Delegates from the 33 agricultural centers of the five Amazon provinces and from 20 agroindustrial organizations discussed how the agricultural sector has not been able to pay off loans because of the high interest charged by the BNF.

After listening to the delegates, Izurieta Mora Bowen decided that the farmers in areas affected by the [Peru-Ecuador] conflict would maintain a preferential interest of 50 percent. This would include the entire Amazon region and the Provinces of Loja and EL Oro, without exception.

For her part, the president of the Institute for the Ecodevelopment of the Ecuadoran Amazon Region (Ecorae), Virgilia Escobar de Rodrigez, promised to create centers in each Amazon province and a headquarters in Quito. She said that this decision was made after an Ecorae survey confirmed that products from the Amazon region are well received in wholesale markets in the Sierra, coast, and in neighboring countries, like Colombia and Peru.

Decree Declares El Oro Province 'Economic Emergency Zone'

95P21080

[FBIS Editorial Report] President Sixto Duran-Ballen, on 15 September, issued Decree No. 3070 declaring El Oro Province an economic emergency zone, reports Guayaquil EL UNIVERSO of 19 September.

According to Quito HOY of 22 September, El Oro inhabitants are optimistic about this decree. The daily adds that El Oro's productive sector demanded the state of emergency during a 7 September meeting in Machala to solve the crisis in this border province. El Oro is still suffering the consequences of the latest border conflict with Peru.

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Paraguay

Wasmosy Rules Out Possibility of Chiapas-Style Revolt

PY2509233195 Asuncion NOTICIAS in Spanish 25 Sep 95 p 14

[FBIS Translated Text] Santa Cruz — Paraguayan President Juan Carlos Wasmosy denied here today that Paraguay could witness an armed peasant revolt similar to the one that occurred in the southeastern Mexican state of Chiapas, where peasants took over a town and held it until the government gave a concrete answer to their demands.

Asked about the incidents in San Pedro Department, which shook the Latin American community, Wasmosy said: "I do not think Paraguay will witness an experience similar to the one that occurred in Chiapas." "We still have a lot of land. I always tell politicians, or those who encourage peasants to occupy private land, that if we continue pillaging the land in another five years we will not have any forests left," the president said.

Wasmosy said that his government was trying to find a definitive solution to the problem of land occupation, which has deteriorated lately, and outlined a policy of decentralization of rural settlements that will permit an improvement of state services.

Another measure currently under study is the expropriation of all agricultural land that is not currently productive.

Wasmosy said: "What we need are employment opportunities and jobs, not breaking the land into pieces."

Governability Pact Continues

Upon arriving in Santa Cruz, Wasmosy also talked about the governability pact. He denied any possibility of scrapping it in view of the Colorado Party's recovered unity.

"Absolutely not. The governability pact will not be scrapped. How could I do without the governability pact if I only have minority support in Congress, Wasmosy wondered.

Unions Hold General Strike To Protest Administration

PY2509153295 Asuncion ABC COLOR in Spanish 25 Sep 95 p 13

[FBIS Translated Excerpt] Unionized workers from the two major trade unions in the country — the National Workers Federation (CNT) and the United Workers Federation (CUT) — went on strike at 0000 today to protest against the Wasmosy administration. Trade unionists Alan Flores and Eduardo Ojeda officially launched the strike during a rally at the CNT headquarters, after which strikers marched into the CUT headquarters. Soon after the strike started, the police reported that two buses caught fire under dubious circumstances.

The general strike called by the CUT and the CNT began amid great skepticism because of uncertainty over the degree of success it will have since two trade unions decided not to observe it. Nevertheless it is thought that more than 50 percent of Paraguayan workers who are CUT and CNT members will strike. [passage omitted]

Speeches at Colorado Party Convention 'Conciliatory'

PY2609011395 Asuncion ABC COLOR in Spanish 24 Sep 95 p 3

[FBIS Translated Excerpt] Colorado Party convention delegates yesterday elected new party electoral court members and thus cleared the path for the institutionalization of the party. Attendance was massive. Delegates gave their full support to the agreement reached by their leaders at the presidential residence on 20 and 21 September. No incidents were reported. All speeches had a conciliatory tone, and the leaders of the three major factions received hurrahs and ovations.

The convention began at 1100. A total of 367 delegates were accredited. Delegates came from all parts of the country. They started arriving early in the morning. The leaders of the three main factions — Angel Roberto Seifart, Luis M. Argana, and Blas N. Riquelme — were fiercely applauded when they entered the hall. Argana's followers were the noisiest. Later there was a battle of ovations and whistling between the different groups of followers, but the confrontation ended without incidents. [passage omitted]

The ruling party then elected new electoral court members and overcame all the grave obstacles in the path of the election of a new executive board on 26 November. [passage omitted]

The newly elected electoral court members are: Pedro Hugo Pena, Diogenes Latorre, Numa Alcides Mallorquin, Efrain Enriquez Gamon, and Marina Aquino de Ortiz. Alternate members are: Mario Estigarribia, Fulgencio Aldana, Dionicio Nicolas Frutos, Martina Cardenas, and Atilio Gomez Graci. [passage omitted]

President Juan Carlos Wasmosy talked during the convention. He used a solemn tone to congratulate the different faction leaders for the agreement that "will make the unity of the Colorado Party possible." The president invited Argana to come to the stage and Argana accepted, thus completing the group of faction leaders on stage. [passage omitted]

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Peru

Tudela Confirms Clash, Denies Attack on Ecuadoran Aircraft

PY2509144595 Lima Radio Programas del Peru Network in Spanish 1310 GMT 25 Sep 95

[Report by Guido Lombardi for the Solar newscast]

[FBIS Translated Text] Good morning, Latin America. The Peruvian Foreign Ministry, through its spokesman, Minister Francisco Tudela, confirmed a clash between Peruvian and Ecuadoran troops in an area adjacent to the demilitarized zone on the northern border. Tudela also denied an attack on an Ecuadoran aircraft by Peruvian Armed Forces.

The minister reiterated that these isolated incidents by no means affect the peace process and the success of the demilitarized zone, as well as the implementation of the Itamaraty Agreement.

Moreover, the Peruvian people were happy to hear that the Ecuadoran Government intends to earmark $60 million to clear 20,000 mines planted by the Ecuadoran Army during the armed conflict in the Upper Cenepa.

Armed Forces Chief Denies Clashes With Ecuadoran Troops

PY2509183695 Madrid EFE in Spanish 1642 GMT 23 Sep 95

[FBIS Translated Excerpt] Lima, 23 Sep (EFE) — General Nicolas de Bari Hermoza, chairman of the Peruvian Armed Forces Joint Command, has categorically denied that there were any clashes between Peruvian and Ecuadoran troops in the last few days.

Denying official Ecuadoran reports, Hermoza said: "There have been no clashes. I can categorically assert that none of what was reported has occurred." [passage omitted]

In a statement to the press, Hermoza today declined to comment on the reasons that led the Ecuadoreans to make such an announcement.

He said: "I can neither criticize nor comment on the reports they issue or on the reasons or interests that compel them to issue them."

After stating that if any clashes occur, it is up to the guarantor countries' Peru-Ecuador Military Observers Mission [MOMEP] members stationed in the border region to determine whether clashes occur and to resolve the situation, Hermoza said that "I can categorically assert that none of what was reported has occurred."

Hermoza added that the Ecuadoran report "does not affect the peace process" that the MOMEP is carrying out between Ecuador and Peru. The MOMEP comprises officers from Argentina, Brazil, Chile and the United States. [passage omitted]

He said: "We are complying with the peace process established by the Itamaraty Declaration and acting within the legal framework of the Rio de Janeiro Protocol." He reasserted that Peru and Ecuador have "the firm will" to consolidate the peace process.

Hermoza stated that the Itamaraty Peace Declaration signed on 17 February, which resulted in the cessation of hostilities after it was ratified by the Montevideo Declaration signed on 28 February, is being fully implemented, and that tremendous progress has been achieved in the peace process.

He said that now the two countries have representatives assigned to the MOMEP, which began its activites in March of this year.

Hermoza stated that after Peru and Ecuador approved the establishment of a demilitarized zone in the region where the conflict took place, a zone whose consolidation is being sought, the process has entered its last phase, namely, the holding of bilateral negotiations to discuss prevailing basic issues regarding the demarcation of the border.

Colombian FARC Commando Attacks Border Watch Post

PY2509144495 Madrid EFE in Spanish 1623 GMT 23 Sep 95

[FBIS Translated Text] Lima, 23 Sep (EFE) — The newspaper EL COMERCIO reported today that a Revolutionary Armed Forces of Colombia (FARC) commando group attacked a Peruvian Army watch post on the Colombian-Peruvian border.

The report states that the attack, which was repelled by the Peruvian military, occurred in the pre-dawn hours of 22 September in the Angusilla region, on the right bank of the Putumayo River, in the Peruvian jungle department of Loreto.

It adds that the Peruvian Army repelled the FARC group comprising about 40 men, who were forced to flee into the Colombian jungle. The Angusilla region is located across from the Colombian township of Pena Blanca.

EL COMERCIO states that there were no reports about casualties on either side. It adds that in Iquitos, capital of the Peruvian Amazon department, the Fifth Region military command has ordered the reinforcement of several watch posts to repel any eventual FARC attacks.

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The report adds that the site of the attack is in an area filled with drug trafficking gangs and groups that exploit lumber illegally.

The report states that the attack on the watch post is reportedly a FARC strategy to cover up these illegal activities and to distract the attention of Peruvian authorities.

Presidents of Peru, Bolivia, Paraguay Discuss Projects

PY2509225695 Lima Radio Prògramas del Peru Network in Spanish 1700 GMT 25 Sep 95

[Report by Carlos Alvarado Chavez in Santa Cruz, Bolivia]

[FBIS Translated Text] The meeting held by Bolivian President Gonzalo Sanchez de Lozada, Peruvian President Alberto Fujimori, and Paraguayan President Juan Carlos Wasmosy at Los Tajibos Hotel in Santa Cruz, Bolivia, lasted over two hours.

The Peruvian and Bolivian presidents focused their discussions on the drug enforcement issue and the Santa Cruz-La Paz-Desaguadero-Ilo transoceanic corridor.

Bolivian President Gonzalo Sanchez de Lozada will now give us details about the meeting held by the presidents of Peru, Bolivia, and Paraguay.

[Begin recording] [Sanchez de Lozada] We explained to President Fujimori what we discussed since he is highly interested in the Trans-Chaco Road [connecting Bolivia and Paraguay] because of an eventual increase in exports through the Pacific, through the Ilo and Mataral ports, and also because Peru will have access to Paraguay through this road. We also discussed the road to Brazil which we will be dedicating today and which in some parts is already paved.

We also talked about energy. We discussed two projects: The Titicaca binational project and the Pilcomayo binational project. We shared experiences and President Wasmosy has offered Paraguay's experience with the Itaipu Dam, which they built with Brazil. He said Paraguay's experience in this regard may be used in these two projects. Therefore, we shared experiences and discussed needs.

We also discussed the drug trafficking issue which is affecting our countries either as producing, transit or consumer countries. We also discussed the need for establishing a small technical group to assist the Rio Group commission. Not every country will appoint an expert, but we will assign experts who may or may not be from the same countries represented in this commission or even from outside the Americas. The important thing is to have unified criteria and an exchange of information and action that will allow us to combat this problem in a professional manner.

[Question indistinct]

[Sanchez de Lozada] Well, this is a completely technical matter. We will have to study the specific problem affecting each country and how we can complement and help each other.

The most recent example is that we were able to inform Peruvians about the Bolivian cargo plane and they confiscated the cargo. Our two countries are coordinating all actions and interdiction operations. Furthermore, we have also shared experiences regarding alternative development programs [words indistinct].

[Unidentified reporter] Mr. President what can you say to the Peruvian people who are listening to you at this time?

[Sanchez de Lozada] Well, I deeply thank President Fujimori for coming down here before dawn today to inaugurate the first segment of a road that will connect Santa Cruz with Mato Grosso [Brazil]. [end recording]

In a few minutes, Fujimori and Sanchez de Lozada will dedicate 180 km of the Santa Cruz-San Ramon road. At about 1800, Sanchez de Lozada and Fujimori are scheduled to visit the 20th ExpoCruz Fair. Paraguayan President Juan Carlos Wasmosy returned to his country a few hours ago. Fujimori is scheduled to return to Lima at 2200 tonight.

Visa Requirement for Asians, Europeans Eliminated

PY2509152495 Lima America Television Network in Spanish 0100 GMT 23 Sep 95

[FBIS Translated Excerpt] As of 1 October, tourists coming from Asia and Europe will not need a visa to enter Peru.

The purpose of this measure is to provide an incentive to tourism, which, according to estimates, will result in an inflow of $600 million into Peru. This information was disclosed by President Alberto Fujimori in Trujillo, where he dedicated the improvements at the local airport. [passage omitted]

Central Bank President Evaluates Monetary Measures

PY2509195895 Lima EXPRESO in Spanish 13 Sep 95 p A18

[FBIS Translated Text] German Suarez, president of the Central Reserve Bank (BCR), disclosed yesterday to the

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Budget Committee of Congress that the IMF mission that arrived on 11 September met with BCR members to discuss the fulfillment of the June objectives and the progress of the economy in general.

Suarez expressed concern over the printing of money during the first half of this year (15 percent) because it is above the agreement reached with the IMF.

Well informed sources told EXPRESO that to fulfill the agreed upon objective, it would be necessary not to print any more money the rest of the year and to have liquidity furthered compressed, but that these measures would worsen the recession already being strongly felt.

The printing of money by the BCR last year reached a level of 48 percent; so far this year the level is 15 percent, and "it will probably close the year at a higher rate," Suarez said.

It is expected that next year less money will be printed than in 1995. Suarez said that 90 percent of the money printed is to buy dollars, and that the same policy will be implemented next year.

Suarez said that the overvaluation of local currency in terms of the consumer price index is 20 percent, but "by hiding cost reductions and higher production."

He reiterated that the government will seek a basic budget surplus similar to last year and equal to 0.5 percent of the GDP, without taking into account the income from privatization. Regarding the possibility of overestimating the GDP, Suarez said advise was requested of the IMF concerning adjusting the GDP at normal prices.

He acknowledged that "the economy is dollarized, but this started in the 1980's." The current liquidity in national currency relative to total liquidity is 38 percent, while one and a half years ago it was 30 percent.

Suarez explained: This means that people are preferring soles to dollars, and this is proven by the 20 percent reduction in the speed of the circulation of money.

The quasi-money in national currency (deposits and savings) grew 100 percent in nominal terms last year; this year, it grew 48 percent in nomimal terms, and 38 percent in real terms.

Suarez also said that real credit grew 19 percent with regard to December 1994 and that this growth in national currency (25 percent) was higher than the growth of credit in foreign currency (18 percent). He added that the percentage as applies to financial operations is currently 15 percent.

Suarez also noted that the internal credit must be compatible with the evolution of the GDP. Last year, the figure for credit to the private sector was 58 percent, and so far this year it is 28 percent.

Suarez said: "The negotiated amount through swaps [preceding word in English] is not very significant, about $195 million, compared with the total deposits or obligations of the country in foreign currency, which is $6 billion. In addition to that, not many banks are carrying out that type of operations; therefore, the interest rates should not be affected in real terms."

As reported, last week the BCR ordered, through a bulletin published in the official gazette, that the swap operations in national currency would be subject to a required reserve of 45 percent. There was speculation this would exert pressure for an increase in interest rates.

Regarding the possibility of registering the capital coming into the country, Suarez said this decision belongs to the government or Congress in terms of the legal regulations required.

Suarez also said: "More than a deficit in the balance of payments, what we have is a deficit in the trade balance because the gross direct investment in the 1996-2000 period would reach $8.6 billion."

Regarding direct investment, Suarez said the Camisea natural gas project will provide $1.5 billion, other oil projects $500 million, mining investment $2.5 billion, other sectors $1.7 billion, and privatizations $2.2 billion.

Last year, the monthly average entry of capital was $110 million. This year the average is $70 million.

Suarez said the growth of the economy and greater investment must be based on internal savings, which, in 1993, was 13 percent of the GDP and, in 1994, 16 percent. It is expected that internal savings will continue to grow in 1995.

Venezuela

Fedecamaras Advocates Eliminating Exchange Control

PA2309200495 Caracas Venezolana de Television Network in Spanish 1545 GMT 21 Sep 95

[Report by Zaida Pereira; from "The News" newscast]

[FBIS Translated Text] Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] has maintained that it is necessary to eliminate the exchange control and that establishing a selective system to allot foreign exchange would only lead to further corruption.

[Pereira] Representatives of the business sector argue that disagreements among governmental officials have

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sent conflicting signals to the productive sectors since the government had talked about making the exchange system more flexible and now — following a drop in reserves and the Semarys case, it announced that there will be more restrictions regarding the sale of foreign exchange.

[Begin recording] [Fedecamaras President Jorge Serrano] Currently, the business sector believes the exchange control has failed.

[Aurelio Concheso, Fedecamaras first vice president] Those people who are [word indistinct] maintain balances in dollars not because they are trying to go against the country's economic system, but because they need them to keep their credit lines to buy raw materials.

[Luis Henrique Ball, Fedecamaras second vice president] An exchange control in the long term would turn out to be more harmful than helpful because it would become an incentive to consume foreign exchange. [end recording]

[Pereira] However, Domingo Maza Zavala [member of the Exchange Administration Board] said that the conditions are not propitious to eliminate the exchange control.

[Begin recording] [Pereira] Fedecamaras stresses that eliminating the exchange control would help increase international reserves.

[Domingo Maza Zavalas] I do not know where the additional reserves will come from to increase the reserves because this measure — the foreign exchange control — would not achieve its objective. Eliminating the exchange control would instead create — as I have already pointed out — confusion, upheaval, and a wave of speculation. [end recording]

[Pereira] This position was disclosed to the general public. However, the representatives of the business sector believe they will be able to meet with President Rafael Caldera in two or three days to officially make this recommendation.

Various Sectors Discuss Agricultural Production at Forum

PA2209144695 Caracas Venezolana de Television Network in Spanish 0200 GMT 19 Sep 95

[Report by Fernando Porte; from "The News" newscast — passages within quotation marks recorded]

[FBIS Translated Text] [Announcer] Hiram Gaviria, president of Fedeagro [National Federation of Agricultural-Livestock Producers], has said that the increase in prices of family basket items that the Development Ministry authorized is apparently illegal.

[Porte] This statement was made during the Agriculture in Crisis Times Forum organized by the Permanent Agriculture and Agrarian Policy Commission. The Fedeagro president noted that there was no true analysis on the cost structure and that the Agriculture and Livestock Ministry was not consulted on the increases in the price of chicken, eggs, and pre-cooked flour.

[Gaviria] "This could be a good opportunity to review the cost structure of the entire agricultural food chain."

[Porte] The forum allowed the government, parliament, and private sector to exchange views. The Cattlemen's Federation presented to the minister of agriculture and livestock a document containing its position, and suggested the need to establish policies for the promotion of agricultural production. The document also refers to the tax policy and exemptions for this sector:

[Unidentified speaker] "We, cattlemen, do not refuse to pay taxes. We are paying taxes, we pay sales tax as everyone else. We are saying: Messrs. of the (Cenea), get organized; you are failing to collect 1 trillion bolivares in taxes."

[Porte] The parliament's Agricultural Policy Commission described this situation as complex, especially with regard to the import of basic staples to meet the local dietary needs:

[Second unidentified speaker] "There is a crisis; a deficit of dollars for imports. We think that the government has failed to define its policies."

[Porte] Agriculture and Livestock Minister Raul Alegrett clarified certain points of the agricultural policy and the aforementioned criticism:

[Alegrett] "We are limited to making decisions related to the producers and producer prices, and in this regard, we do try to share our decisions with the Development Ministry, and we have been doing just that."

[Porte] The agricultural sector yields about 50 percent of national production and all the parties involved in this Agriculture in Times of Crisis Forum pointed out that it should be yielding at least 75 percent.

French Guiana

Ariane Places U.S. Satellite Into Orbit

PA2409014195 Paris AFP in Spanish 0039 GMT 24 Sep 95

[FBIS Translated Text] Kourou, French Guiana, 23 Sep (AFP) — The European Ariane rocket placed into orbit the U.S. Telstar 402R telecommunications satellite this Saturday.

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The European rocket, number 79 in its series, had taken off from the Kourou Space Center 20 minutes earlier, at 2106 local (0006 GMT Sunday).

The launching was delayed 24 hours due to a telemetry problem of the rocket.

Launch Termed 'Big Success'

PA2409030695 Paris AFP in Spanish 0134 GMT 24 Sep 95

[FBIS Translated Text] Kourou, French Guiana, 23 Sep (AFP) — Those in charge of the Kourou Space Center have reported that the launching of the European Ariane rocket and the placing into orbit, on 23 September, of the U.S. Telstar 402R telecommunications satellite was a big success.

The European rocket, number 78 in its series, blasted off the Kourou Space Center at 2106 hours local time (0006 GMT on 24 September). It was delayed 24 hours to a problem with the rocket's telemetric system.

The U.S. satellite, which belongs to AT&T and which will take over the direct television and telecommunications services for the United States, Puerto Rico, and the U.S. Virgin Islands for the next 13 years, will replace satellite Telstar 402, which was launched by rocket 67 of the European series on 8 September 1994 and which was lost a little bit later.

The features of the Telstar 402R are almost identical to those of the Telstar 402. Built by the same company, Martin Marietta Astro Space (which became Lockheed Martin Astro Space, following the Lockheed-Martin Marietta merger), the Telstar 402R is a satellite that weighed in 3.41 kg at the time it was launched and that is equipped with 48 receivers.

The satellite's energy supply is produced by solar panels, which, once spread out, give the satellite a 24 meter wingspan and a 6,400 watt electrical power.

Following a number of previous maneuvers, the Telstar 402R will remain in a geostationary orbit (36,000 km above the Equator), starting next week, at 89 degrees west, above the Galapagos Islands.

Thirty-eight supplementary rockets have already been commissioned to Ariane Space. Astra E1, a direct television broadcasting satellite belonging to SES Company (Luxembourg), should be launched by Ariane rocket 79 of its series on 13 October 1995.

Guyana

Foreign Minister Meets With Visiting FAO Director

FL2209133895 Bridgetown CANA in English 1657 GMT 21 Sep 95

[FBIS Transcribed Text] Georgetown, Guyana, Sept 21, CANA - Director General of the Rome-based Food and Agriculture Organisation (FAO), Dr Jacques Diouf, has offered to help Guyana in its search for funds to bolster agriculture.

"We are ready and willing, if your government wishes, to set up contact with bilateral and multilateral donors for the financing of activities in the agricultural sectors," the FAO chief said. "Our legal department is also at your disposal for all the different legal frameworks to assess the needs of animal production and plant production in keeping with international principles and rules."

Diouf was talking to Guyana Foreign Minister Clement Rohee and other senior government officials, at the foreign ministry here.

The former Senegalese government minister is on a three-day visit which foreign ministry officials say is aimed at strengthening the United Nations agency's relations with the Guyana government and is also to "explore ways in which the FAO could provide more assistance" to Guyana.

Diouf, here at the invitation of president Cheddi Jagan, noted that Guyana was one of the countries which supported his election and also backed changes he had proposed in the organisation's functioning.

"This visit is an additional expression of the gratitude and commitment to strengthen relations between Guyana and the FAO and to ensure that the FAO is responsive to the needs of Guyana and other Caribbean countries," he said.

Diouf was to meet with President Jagan and Caribbean Community (Caricom) Secretary General Edwin Carrington later Thursday.

He leaves Guyana Thursday [21 September] night.

Government Strives To Form Team for Cyanide Disaster Probe

FL2609020995 Bridgetown CANA in English 2148 GMT 25 Sep 95

[FBIS Transcribed Text] Georgetown, Guyana, Sept 25, CANA — Retired chief justice of Bahamas, Telford Georges, has arrived in Guyana to head the team probing the August 19 disaster at the Omai mine site in the Guyana jungle that sent millions of gallons of cyanide

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effluent into the country's largest river. The Barbados-based legal luminary, one of the recipients of this year's Caribbean Community (Caricom) awards, was due to meet with Prime Minister Sam Hinds and members of the inter-party committee set up to investigate the Omai spill today.

Authoritative sources told CANA Monday that one of Guyana's top legal experts, Justice Desire Bernard, has been approached to be a member of the commission. However, contacted by telephone today, Justice Bernard declined to comment, saying only that she had only just returned to Guyana and she, "had gotten some correspondence to this effect from the chancellor."

Hinds, who has responsibility for the country's mining sector, had announced last Friday that former head of the judiciary, Kenneth George, would be part of the five-member probe team to look at the causes leading up to the Omai disaster. Indications are that government is encountering some difficulty in getting the commission started, since according to Hinds, some persons submitted by the four parliamentary parties have indicated that they may not find it possible to sit on the commission. The commission will have to recommend preventative measures and modifications to be undertaken to minimise the exposure to the environment from incidents such as the recent spill.

The majority Canadian-owned open-pit gold mine has been ordered closed by the Guyana Government until the commission and other bodies finish probes and present their findings to the government.

Omai head, Louis Gignac, in a letter to Prime Minister Sam Hinds, reminded him that his company had expressed concern that the terms of reference of the commission, "as currently under discussion, were rather broad and not in keeping with the shared objectives of your government and our company."

Last week, another top Omai official expressed the hope that the commission move expeditiously to complete its work so the mine could resume commercial activity by December.

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